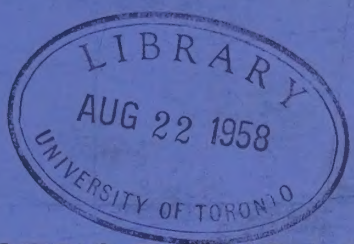


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HYDRO ELECTRIC ENQUIRY COMMISSION

OTTAWA ELECTRIC COMPANY

TORONTO, MARCH 12TH, 1923.

W. C. Coe,  
Official Reporter



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HYDRO ELECTRIC INQUIRY COMMISSION.

PARLIAMENT BUILDINGS, TORONTO.

MONDAY, MARCH 12TH, 1923.

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HYDRO ELECTRIC INQUIRY COMMISSION.

TORONTO, MARCH 12TH, 1923.

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P r e s e n t:

W. D. GREGORY, ESQ., CHAIRMAN.

M. J. HANEY, ESQ., COMMISSIONER.

LLOYD HARRIS, ESQ., COMMISSIONER.

R. A. ROSS, ESQ., COMMISSIONER.

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OTTAWA ELECTRIC COMPANY.

GEO. F. HENDERSON, K.C.,

A. A. DION, General Manager,

D. R. STREET, Secretary-Treasurer.

J. H. O'HARA, Superintendent, and

F. A. JANSEN, Representing the Ottawa Electric Company,  
of Ottawa.

J. A. ELLIS, Chairman,

FRANK H. PLANT, Mayor of Ottawa, and

DR. P. D. ROSS, Commissioners of the Ottawa Hydro Electric  
Commission.

J. E. BROWN, General Manager, and

G. E. BENNOCK, Secretary.

R. T. JEFFREY, Representing The Hydro Electric Commission  
of Ontario.

---

THE CHAIRMAN: We are here this morning for  
the purpose of hearing the Ottawa Electric Company and  
I think you have received a copy of the letter written  
to us by the Secretary of the Company, dated February 15th





last that sets forth the matters on which they expressed their wish to be heard. It is not necessary for me to read that over. Who are here representing the Company and the Commission.

MR. HENDERSON: I am representing the Company and the General Superintendent of the Company, Mr. Dion, the Secretary-Treasurer, Col. Street and a few members of the staff are present to furnish evidence if necessary.

THE CHAIRMAN: I understand the three members of the Ottawa Hydro Commission are here and we have their names.

MR. GEORGE F. HENDERSON, K.C.

In a broad way I would like to put, as concisely as I can, what we have to say. I have been connected with the electric situation in Ottawa for a quarter of a century.

THE CHAIRMAN: Are you one of the officials of the Company?

MR. HENDERSON: I am a Director of the Company and I have been solicitor of the Company for nearly 25 years, during the period and time of stress after the big fire when there was a great deal of litigation.

THE CHAIRMAN: What was the big fire?

MR. HENDERSON: The big fire in Ottawa was in 1900 when our plant was wiped out. The electric situation in Ottawa has had a very marked history and Mr. Commissioner Ross happens to know more or less about it. I want to approach the matter and particularly to keep away from





the idea which I gather may arise, judging from something that has been said in the Ottawa papers, that we are here trying to gain some advantage over the competing municipal plant in Ottawa, that is not the fact. There is a bigger and broader situation underlying it all and that is the whole question of how the demands of the Ottawa community are going to be met and whether the methods at present in vogue are sufficient to enable them to be properly met. In order that I might develop that it is necessary that I, in a very brief way, sketch the history of the situation in Ottawa.

About 20 or 25 years ago there was only one electric company operating in Ottawa and that was the Ottawa Electric Company, which I represent. Three companies amalgamated, there was the old Clemow Company, which was an arc light company, a street lighting company alone, and then came the Standard Company and the Chaudiere, these three were amalgamated into what is now the Ottawa Electric Company, and that was approximately a quarter of a century ago. Then a new condition arose, a gentleman named John McCrae, who had been managing director of our company and who had fallen out with our company, obtained a franchise from the City and certain gentlemen who were not familiar with the electrical business, who were lumbermen, formed a company called the Consumers Electric Company and started business in opposition to the Ottawa Electric Company. The result of that was considerable difficulty in the courts which went on for some time and in which, for some reason or another, the Ottawa Electric Company were fairly successful.





There was a clause in their contract giving the city power to buy them out and the City decided to buy them out and that was the origin of the City Hydro plant. That was followed by considerable difficulty, ~~both~~<sup>is</sup> in the Legislature and in the courts, between our company and the City.

THE CHAIRMAN: What year was that?

MR. HENDERSON: Back in the early '90's, running from 1900 to 1905.

The point I want to make <sup>is</sup> /this, those disputes were finally and definitely settled and the statement made publically that they were settled on the basis that the more or less small plant operated by the City and controlled by the Hydro Electric Commission of Ontario would be a most effective rate regulator that could be had and would tend to put confidence and stability into the business. I take back nothing for having thought that the proper principle, I thought there would be no objection to it, although it has resulted, as the community grows, in economic loss. We have been operating since that time on the faith of the assurance that the operations of the Municipal Hydro would be in accordance with the plans and regulations of the Ontario Hydro Electric Commission and that there would be supervision and the business would be conducted in a business-like way and at a price to the public ~~which~~ would cover the cost of production. We felt that if we could not meet that we had no right to be in business. I say today our position has always been, so long as their business has been properly, legitimately, logically and scientifically conducted, we would have no complaint to make but we say that through what appears





to us to be a looseness of method, and I do not use that term as an accurate term necessarily, but through something going wrong in the oversight of the Ontario Hydro Electric, and that is where I understand you are interested, a condition of things has arisen in Ottawa which is not satisfactory and which is going to retard the development of the community as a whole.

Jumping over a space of 25 years and coming down to the present day and I think I am making the statement today perhaps for the first time in a public sense, we have always rather prided ourselves that Ottawa is an electric centre. Ottawa has been the pioneer in many things electrical in Canada and the impression is abroad, I think, that we have unbounded power in Ottawa with our Chaudiere Falls.

THE CHAIRMAN: Were is the Chaudiere Falls, on the Ottawa

MR. HENDERSON: On the Ottawa. Today we are so short of power that during this last winter, The Ottawa Electric Company had to operate its steam plant. We have a steam auxiliary which we are supposed to keep only for a standby purpose to jump in quickly if the water power falls down. We had to operate that steam plant for long periods of time this winter to furnish the normal supply. The City gets its power from the Ottawa and Hull Power Company, which company belongs to a group of lumbermen I have spoken about. That company is today under contract to sell power to such an extent that if one industry alone to which it is under contract were to





re-open its doors tomorrow, it could not light the City of Ottawa through Hydro and supply this industry as well. I am referring to the Nickle industry and also the Cement industry, to which it is under contract; these plants are shut down at the present time, they are two very large users of power. The Ottawa and Hull Power Company today is unable to supply its customers including ourselves because we are customers of the Ottawa and Hull Power Company. We have reached the maximum of our development and in our effort to supply the people of Ottawa with what they need we are today buying from the Ottawa and Hull Power Company, as well as the City. They have a large new development there which uses up to the last point, the Chaudiere Power Development and there is no chance of Ottawa being supplied unless some new power is developed in the vicinity of Ottawa. We have this extraordinary condition existing, that the Ottawa and Hull Power Company has a contract with the City of Ottawa at a price which enables the City of Ottawa to sell electricity very cheaply, at a price very much lower than any one can sell power for today and as the demand goes up the price comes down and the result is the more power the City takes the less price it has to pay and the less inducement to develop power. The Ottawa and Hull Company own a power further up the River which they could develop but how they are going to do it I do not know.

THE CHAIRMAN: What are they getting from the City?

MR. HENDERSON: I have got the contract here, the prices called for by the contract range from \$14 downwards, according to the amount taken; they start



at \$14 for 5,000 h.p., then when the amount taken gets to 8,000 h.p. it is \$13.50, 10,000 h.p. \$13., and that is what I think they are at today; if they get to 12,000 h.p. it is \$12.50, then the next step is down to \$12 and it runs down to \$11. per h.p. May I interject this, if we did not have the demand upon us from the public we would be content, we are doing business comfortably today, but a Public Utility Company must supply the public or <sup>also</sup> it does not function properly. We would be glad to get \$20 h.p. in Ottawa and we are trying today to persuade the Riordon Company who have a power plant at Chelsey, eight miles from Ottawa, to develop it, that is the nearest power.

Q. Have they some surplus power? A. They have an undeveloped power, that is on the Gatineau and then the C.P.R. have a power higher up. The Ottawa people have one up towards Pembroke and then we have in the Ottawa district the Chats Falls, which for some extraordinary reason the Hydro Electric Commission of Ontario controls but does nothing with.

Q. What is the possible development there? A. I do not know the figures but it is a large power. There is an extraordinary condition, it sounds like running in a circle because the City of Ottawa has this extraordinary favorable contract, the development of power in the vicinity of Ottawa is blocked, you cannot get capital to come there to develop power in opposition to this company.

THE CHAIRMAN: Is there any limit to the amount the City might require under that contract?





MR.HENDERSON: Yes, but they have a long way to go yet and a great many years to go, they are at 13,000 h.p now and they can go up to 18,000, they can call for 18,000 h.p. under that contract. At first blush you would say that is a source of congratulation to the City of Ottawa, but when you come to think of it the necessary affect of it is to retard the progress of the City of Ottawa.

COMMISSIONER R.A.ROSS: How long does that contract run? A. I know it is beyond my life time a great deal. That contract is with the Hydro Electric Power Commission of Ontario and they sublet in the usual way.

THE CHAIRMAN: How long has that contract to run, Mr.Ellis?

MR.ELLIS: About 20 years longer to run.

COMMISSIONER HANEY: What is the capacity of the plant they are getting power from?

MR.HENDERSON: It is over-taxed already.

COMMISSIONER HANEY: I know, but what is the capacity?

MR.ELLIS: About 24,000 h.p.

COMMISSIONER R.A.ROSS: Under that contract Ottawa has the first call on the power?

MR.HENDERSON: Ottawa has the first call upon it but our contract with the same company, right in the beginning there is this clause that in no case will the power company discriminate in the division of power with its various customers, that is a later contract.





MR. ELLIS: There is a provision in this contract with the Ottawa and Hull Company that they cannot sell power to any one without the consent of the Ontario Hydro and this consent they never got; we do not object to that as long as our wants are supplied, we are quite willing and content they should sell their surplus power.

MR. HENDERSON: Mr. Ellis is quite right in that. The Hydro Electric Commission by that contract has the first call upon the Ottawa and Hull Power but by our contract they cannot discriminate as against us. It is a case of lumbermen making electric contracts, if you like. There is <sup>a</sup> ~~the~~ condition that would put them in a nice fix if everybody jumped on them all at once. I am going to say that down to date we have succeeded in working very harmoniously with the local Hydro Electric Commission but I am only pointing out that there is a condition of things existing in Ottawa today that is liable to break out some day and it is going to be very uncomfortable for the public of Ottawa, unless, in the meantime, things can be gotten into shape so that there can be further development and further supply of power in the vicinity of Ottawa. I am not suggesting to you that they be compelled to change their supply because I do not know how that would be done but I am only saying that is the condition that exists.

COMMISSIONER R.A. ROSS: In view of these two contracts, are not the Ottawa and Hull Power Company in the position of having contracted to supply more power than they have available and therefore they will have to develop.



MR. HENDERSON: I am told they are developing.

I heard it stated as a fact a couple of weeks ago that they have actually commenced the development of the Calumet power, but you know it will be some time before the actual work on the ground is commenced but I am told the development is actually on the way. I ask you, Sirs, knowing the conditions that exists today, to put to yourselves the question as to how they are going to develop the Calumet and sell this power at a profit, is that a healthy condition? Of course one of the answers is they are wealthy and they can afford it but it looks to me as though they are going to be up against law suits. What I am coming at is that the big proposition that underlies the whole situation here is that unless capital can be encouraged to come into the Ottawa district and unless business conditions can be made such that capital will be encouraged to come into the Ottawa district, the people of Ottawa are going to be increasingly short from year to year and the conditions are changing more every year. When these contracts were made nobody thought much of anything except lighting and today the great thing that is underlying our difficulty is the change in the character of business, due to the increasing demands of electric power for the purposes of not only more power but for heating, cooking and all the little things used in the household: washing machines, ironing machines and all the electric machines that a woman wants nowadays, and as I have suggested, to meet them we are getting into a region that cannot be governed by any economic law. When you get into the household and the house wife begins



It is not to be expected that the

present situation is a permanent one.

The present situation is a permanent one.

The present situation is a permanent one.

The present situation is a permanent one.

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to operate these electric machines you have got to be prepared for conditions that you cannot measure by any ordinary economic law and that is the situation.

COMMISSIONER HANEY: You cannot control the laundry?

MR.HENDERSON: I would prefer the Chinaman. When a woman starts using washing machines and ironing machines you cannot control the situation. God bless the women, they work that way.

THE CHAIRMAN: If they had to pay a higher rate for electricity they would not run that long?

MR.HENDERSON: These conditions underlie a great deal of our difficulty.

THE CHAIRMAN: Is this company selling to the City at less than the cost of production?

MR.HENDERSON: I can only say we are satisfied they are, but we cannot demonstrate that, we have no power over their books.

THE CHAIRMAN: What is your price?

MR.HENDERSON: \$15 and we are looking for power, we want to buy more and we have actually made an offer recently to the Riordon Company to buy power from them if they will develop. Two of the biggest water users on the Chaudiere are the J.R.Booth Company and the Eddy Company and they were in the market for electric power up until the last year or two. They use water power but the uses of electricity are changing all the time and the fuel question is adding a great deal to do, so that all these things coming together make it necessary that the business condition should be helped.





COMMISSIONER HANEY: I suppose you will give us the answer ultimately?

MR.HENDERSON: Yes, their answer is that the City plant, at all events, is the rate regulator at Ottawa. We cannot sell for more than they charge, it works out in that way.

COMMISSIONER R.A.ROSS: Are your rates on a parity with theirs.

MR.HENDERSON: Our rates are absolutely the same as theirs. We follow their rate with one minor exception and that perhaps I had better explain. The Ottawa Electric Company operate in partnership with the Ottawa Gas Company, the Electric Company owns the stock, and the argument of the City, of course, is, and I do not say it is not a legitimate argument, that we are one plant, there is an active competition and in answer to that we say those who use both our gas and our electric, we will give them a five cent discount on the gas, not on the electricity. Our rates for electricity are identical in every respect but by reason of our superior inspection we charge more for commercial lighting than they do, but our rates are ~~their~~ rates, we follow their rate, but we want theirs rates to be logical and scientific.

Now, let me take up what I mean by that. Our first complaint is: That the Hydro service at Ottawa is conducted for the benefit of the patrons of the Hydro Electric, who are very much in the minority, being a grave injustice to all the other citizens, very much in the majority, who do not use Hydro service, and many of



whom do not use electric service. What we mean by that is this: Hydro supply all the municipal needs in Ottawa and outside of that we take care of what you would call the general business in the proportion of about three to one. They have more small consumers than we have, so that when you come to the number of customers, our proportion is about two to one. That is, we have about twice as many customers as they have, but they have the street lighting and the park lighting and some pumping at the water works pumping house. We have about three times the business that they have. We sell about three times the amount of power that they sell.

THE CHAIRMAN: What is your total sale?

MR. HENDERSON: About \$700,000 is our total income and theirs is about one-third of that and the City business yields them about \$90,000 a year. Our main complaints are twofold, we say that the legislation which permits municipalities to be exempt from taxation practically is unfair and unbusiness-like and I think that comes within the scope of your Commission.

THE CHAIRMAN: Yes.

MR. HENDERSON: You are familiar with that legislation.

THE CHAIRMAN: Can you tell us what the assessed value of their plant is?

MR. HENDERSON: We have two complaints: first, is that the taxation discriminates unfairly against us and is an unhealthy position; secondly, we say they charge the City, that is the ratepayers at large, very much more than they should for street lighting and they keep down the





other rate in that way; I am going to demonstrate what I mean by that. Our total assessment for taxation purposes in the City of Ottawa is \$2,025,000.66, that is from the 1922 Assessment Commissioner's Report and the Hydro Electric total assessment for taxation purposes is \$64,768.00.

COMMISSIONER HANEY: What would it be on a parity with yours?

MR. HENDERSON: It ought to be at least one-third of ours.

MR. ELLIS: Does not that amount include the gas?

MR. HENDERSON: No, that is electricity only. I am reading from the Annual Report of the Assessment Commissioner of the City of Ottawa.

MR. ELLIS: The big bulk of their assessment is on power development and that is not a proper comparison.

MR. HENDERSON: On the question of taxation there is a serious discrimination against us and if they are going to compete with us they should pay taxes the same as we do. I am approaching it from the standpoint that we have simply got to do something to bring about a condition where we can attract capital to Ottawa or the public cannot get what they want, that is my point. Taxation is a very serious charge upon us which they do not have to bear.

THE CHAIRMAN: I suppose the company from which you buy your power is taxed?

MR. HENDERSON: We develop our own power, the Ottawa and Hull Power Company is in the Province of Quebec and it sells its power to the Hydro at the Inter-





Provincial boundary. We are assessed on everything, the power house, the pole lines, our buildings and all that goes to make up our business.

COMMISSIONER HARRIS: Is your operating plant inside the City?

MR. HENDERSON: All inside the City Limits.

COMMISSIONER HARRIS: Does that include the street railway? A. No, the Street Railway happens to have an overlapping directorate but a different management entirely. The <sup>City</sup> / have an office on Bank Street and the assessment there amounts to \$28,500 and business taxes \$7,125; their total taxation on that in 1921 was \$1,113.17. Then they have a booster station on which they pay \$438.40. Their total assessment for lands and buildings was \$9,000 and \$2,500 and business taxes \$28.75 and \$9 for water rates. Then they have a yard on Dalhousie Street on which they pay \$123.30, the assessment on land being \$2,175. So that all the taxes they pay is \$1,675.21.

THE CHAIRMAN: Is there an assessment made of that property upon which they don't pay taxes? A. Yes. The Ottawa Electric Company pays in municipal taxes, around \$56,741.39. That is a very severe handicap what we are under and in addition to that we have to pay the Provincial and Federal taxes as well. Our total taxes in the year 1922 were \$78,000.

THE CHAIRMAN: Hydro would not have to pay provincial taxes?

MR. HENDERSON: No, nor Federal; they don't have to pay any of them.



COMMISSIONER R.A.ROSS: Do you pay any taxes on your street construction? A. Yes.

COMMISSIONER R.A.ROSS: Do they pay on their street construction? A. No, they pay only on the office and on the booster station and this yard, they pay only on their land.

COMMISSIONER HANEY: That is the land upon which these buildings are erected?

MR.HENDERSON: Yes.

MR.ELLIS: Including the buildings.

MR.DION: The City Treasurer told me it was only on the real estate.

MR.HENDERSON: They do not pay taxes on any personal property.

The other branch coming under Section 1 will be repeated again and I will pass it by for the time being. Section two of our complaint is, perhaps, a minor matter: There are misstatements and omissions in the Fourteenth Annual Report of the Hydro Electric Power Commission for the year ending October 31st, 1921, which are misleading, and seriously misrepresent the actual condition of affairs, particularly when comparing the Ottawa Hydro operations with the operations of the Ontario Hydro Commission in other municipalities. On page 475 - re Street Lighting - where the total cost and the cost per capita should be shown, such information for Ottawa is omitted, and this is the only Municipality in Ontario where such omission exists without explanation. The natural assumption is, and we have reason to believe, that the charges for Street Lights, including White Way





and Park lighting in Ottawa, are so much in excess of the actual cost, and of the figures shown in other places, that the information is purposely withheld. Furthermore, that the profit derived from Street Lighting enables the Hydro management in this City to discriminate in rates or in methods of charging. It would appear that electricity is being sold in some cases below cost, for reasons that are obvious.

THE CHAIRMAN: Does Hydro do all the street lighting?

MR. HENDERSON: The Hydro does all the street light. We can only draw deductions. As I said, we had assumed that the operation of the Hydro Electric Commission of Ottawa would be checked up by the Ontario Hydro Commission. We understood that their books would be audited periodically by the Ontario Hydro Commission and that it would be seen to that their business was logically conducted. In the Auditor's Report for the year ending 1918 of the City of Ottawa, Mr. Tolley, the City Auditor, says "As regards the Hydro Electric system a complete audit of these books and accounts has not been made by me. I have, however, approved of all the expenditures and signed the cheques for same. In the report of the Hydro Commission it is stated that the books have been audited by the Auditors of the Hydro Electric Power Commission, and I am informed that these auditors attend in Ottawa a day or so each year and take particulars from the books for the compilation of the Annual Report of Public Utilities, if that is so their work could scarcely be regarded as an Audit" That was the report made to the City Council



of Ottawa and published at the time and up to the present time no answer has ever been given to that. Two years before, in 1916, the City Auditor, Mr. Cluff, had made the same statement and charged that the City, generally, was being overcharged for street lighting in order that the general rate to private consumers might be kept down. So that you have the statement publically made and it has been repeated since 1916 and we have never yet been able to find that there is a proper audit by the Hydro Electric, and I would like to ask you, Sirs, to use your powers to find out whether or not there has ever been any real audit made of the affairs of this company. Notwithstanding these charges being made, in 1919 the Commission reports to the City Council that the attached statements have been audited by the Hydro Electric Power Commission Auditor and have been prepared in conformity with the standard system of accounting as required by the Commission throughout the Province. All we can say as to that is that if these accounts have been audited by the Hydro Electric Power Commission there is something wrong "in the State of Denmark", as regards the prices charged for street lighting and the prices charged to private consumers, because as far as we can adduce from their own figures, they are selling power to their private consumers practically at less than cost, at \$13, which is the price they pay at the power house, with no allowance for overhead and things of that kind.

THE CHAIRMAN: They have the diversity load.

MR. HENDERSON: They are charging the general ratepayers, including our customers, and those who do not





use electricity, \$40 per h.p. for street lighting. It sounds shocking and it is shocking but still they get away with it and the Hydro Electric auditors allow it to go. How they are going to explain it I do not know but we have asked again and again that something be said as to that.

THE CHAIRMAN: Are you prepared to deal with that, Mr. Jeffery?

MR. ELLIS: We will deal with that.

MR. HENDERSON: We are interested to know how they are going to deal with it.

COMMISSIONER HARRIS: We will find out.

MR. HENDERSON: This is the first opportunity we have ever had of getting a real explanation of it. Mr. Dion will show you the figures, he tells me that the result of their statement is they are selling that business which they do in competition with us, because there is no competition on street light, we are not allowed to compete with them and I may say here we will sell the City of Ottawa today, we will light the streets of Ottawa, for practically half of what Hydro charges for it.

THE CHAIRMAN: And make a profit?

MR. HENDERSON: Make a profit, but we are not allowed to compete for it and we say they are bolstering up their business and making ends meet at the expense of the general ratepayers and their own customers are getting the benefit incidentally to our detriment.

MR. JEFFERY: I presume Mr. Henderson will have figures to prove that?



MR.HENDERSON: Yes, we have the figures here, Mr.Dion has the figures. I say it is a deduction from their figures that we are making and I do not see how there is any escape from it because it is simply a question of arithmetic.

COMMISSIONER HANEY: Figures don't lie.

MR.ELLIS: Do I understand this company formally now makes an offer to the City to light the City for 50% of what the Hydro is charging?

MAYOR PLANT: As Mayor of the City, I would like to know whether that offer is now being made.

MR.HENDERSON: If you will give us an opportunity to take over and do business with the Ottawa and Hull Power Company.

MAYOR PLANT: No, you made the offer to light the City for half what is now being charged.

MR.HENDERSON: I will renew the offer.

MR.ELLIS: Personally I would like to accept that contract.

MR.HENDERSON: I have already said we have run out of power and they know that.

MR.ELLIS: I don't want any reasons why they won't do it.

THE CHAIRMAN: Are you prepared to do it?

MR.HENDERSON: Obviously no counsel can make an offer that is binding on a Company, that is a matter for the Directors of the company.

THE CHAIRMAN: Perhaps the Directors have authorized you to make the offer?

MR. HENDERSON: I do say this: we are in business and we would be glad to compete with the Hydro





Electric Company for the renewal of that contract.

MR. ELLIS: I would like to know what offer they will make and stand by it.

THE CHAIRMAN: Will you say you will supply the City with power at half the price that is being charged by Hydro.

MR. HENDERSON: I say our price today is less than half the price now being charged.

MR. ELLIS: I want to say, and I am quite sure the Council will agree with me, if this company will confirm that offer it is going to be accepted.

MAYOR PLANT: Absolutely, and positively, and we would like him to put that in black and white right now and the company won't need to worry because we will accept it.

MR. HENDERSON: Mr. Ellis and the Mayor know that I am too old a bird to be caught pledging my Board of Directors without authority.

THE CHAIRMAN: Then you have no authority to say that?

MR. HENDERSON: I have no authority and they know it and it is silly clap-trap for them to ask me to do it.

MAYOR PLANT: It is silly clap-trap for you to intimated that you could do it for half the price being charged, before this Commission.

MR. HENDERSON: I do say this, as a matter of ordinary common horse-sense, that if they will throw the street light open to competition between Hydro and our company, we will tender on it.



MR. ELLIS: That is an entirely different statement, your tender price might be much higher than ours.

MR. HENDERSON: Precisely and we would have accomplished our purpose if we bring their prices down to ours. The point I am making now is this: They have no right, and they should not be permitted, it is a breach of faith and bad business, to bolster up their general business so as to keep <sup>down</sup> their general rate, when they do it at the expense of the ratepayers of the City of Ottawa.

MR. ELLIS: I absolutely agree with that.

THE CHAIRMAN: The difference between you is that you claim you are not doing that.

MR. ELLIS: For the last seven years we have lost money on the street light and I have demonstrated that every year.

MR. HENDERSON: What are you selling the street lighting for per h.p.?

MR. ELLIS: I am not taking horsepower but during the years from 1916 to 1921 we lost \$23,000 and we never made a profit in any one of these years on street lighting.

MR. HENDERSON: What are you getting from the City of Ottawa per horsepower?

MR. ELLIS: It does not matter what we are getting per horsepower, but when you take the street lighting you must take every item that enters into that proposition, not only the power but every item of the expenditure. The first year we lost \$1,140, the next year \$1,088, the next year \$11,592, the next year





\$4,700, the next year \$3,300 and the next year \$1,458.

Q. Do you show how you arrive at that loss? A. Yes, I can give you the details.

THE CHAIRMAN: Are these figures accessible to to the Ottawa Company?

MR. ELLIS: Yes, I will file with you the statement for every item showing not only how we came out on the street lighting but showing how we came out on every class for the last six years.

THE CHAIRMAN: You are not selling power at cost?

MR. ELLIS: We have contracted with the City and we charge them \$13 per h.p., exactly what it costs us but we get the diversion of the load of course.

THE CHAIRMAN: The diversity would make a great difference.

MR. ELLIS: Yes, we are over-sold.

THE CHAIRMAN: Have not you to take account of the diversity in fixing your price?

MR. ELLIS: Perhaps the General Superintendent can deal with that question. One reason why we made it \$13 was that we didn't want to be accused of this very thing, that we were milking the City in order to keep private rates down.

THE CHAIRMAN: You are accused of it now.

MR. ELLIS: Yes, and we have not done it.

MR. HENDERSON: The City Auditors have accused them of milking the City.

MR. ELLIS: We have not done it.

MR. HENDERSON: From that day to this there has not been a statement showing that you are not doing it



and I say Mr.Dion can demonstrate to you that the h.p. price for street lighting is \$40 against \$13 for ordinary lighting and if that can be explained I would like to see the explanation.

THE CHAIRMAN: It should be capable of demonstration, they will give you the figures and you will have an opportunity of going over them.

MR. HENDERSON: If we can get these figures it will have been worth while coming here.

MR. ELLIS: I will file them with the Commission and Mr.Henderson can have access to them, although that is putting us in a peculiar position, this is a municipal plant and Mr.Henderson represents a private company and I think it would be only fair for you to suggest to Mr.Henderson that they supply us with a statement of their business.

MR. HENDERSON: If you are criticising our prices being too low we will be glad to do that.

MR. ELLIS: I am doing it just on the same ground that you are criticising ours, because we have the same rates.

MR. HENDERSON: We have technically the same rates but I am just coming to the point of our general complaint: On page 492 of the Annual Report of the Electric Power Hydro/Commission for the year ending October 31st,1921, where the domestic rate for all the Ontario Municipalities using Hydro is shown, the rate for Ottawa is given at 2¢ and 1½¢ - a serious misstatement, as the actual rate is 2¢, 1¢ and half of 1¢ - three steps. Why this misrepresentation? There is not another Municipality in





Ontario supplied by the Hydro where this half of 1¢ rate applies. We would like to know if there is anything in the suggestion which has been made to us that that return is made in that way because of the fact that the Hydro Commission of Ontario does not approve of this half cent rate. We do not approve of it. Mr. Dion will tell you why. He is satisfied it is a fallacious rate and it is a strange thing that in a Government report that the third rate is given at half a cent. As a matter of fact the actual rate is 2¢, 1¢ and half of 1¢, that is the third step.

COMMISSIONER R.A.ROSS: Is there any other municipality that has a third step?

MR. HENDERSON: No, there is not one.

MR. R.T. JEFFERY: I might say that Ottawa is the only municipality that has that half cent rate. I am responsible for the changing over of these rates. When they go into the King's Printer, unfortunately my Department, when the report went in, we did not make a separate column for the third step. There is no column in the report for it and the King's Printer in putting it in evidently thought there was some mistake in our figures and he ~~grewed~~<sup>grouped</sup> it all in the one column instead of making a separate column for the half cent rate and that is the only reason why it all came in the one column.

MR. HENDERSON: Is Mr. Jeffery able to speak with authority and say that the Hydro Electric Commission approve of the half cent rate?

MR. JEFFERY: The Commission did approve of it and they recommended it.



MR. HENDERSON: When?

MR. JEFFERY: Back in 1918.

MR. HENDERSON: Has the Commission everx changed from that?

MR. JEFFERY: Yes, the Commission has recommended to the Ottawa Commission that they should discontinue the half cent rate.

MR. HENDERSON: Why does not the Commission insist on the Ottawa Commission doing that?

MR. JEFFERY: Mr. Ellis has some explanation for that.

THE CHAIRMAN: Is there a written communication requesting them to do that?

MR. JEFFERY: Yes, I have a copy of the letter.

MR. HENDERSON: I understand the Ottawa Hydro Commission is superior to the Hydro Electric Power Commission of Ontario in that regard at all events. We say, and perhaps the best piece of evidence I can give in support of our contention is the attitude of the Hydro Electric Power Commission of Ontario, we say this half cent rate is unbusiness-like and detrimental to the best interest of Ottawa, because in the final result, and that is emphasized by the changing character of the business, you, Mr. Chairman, understand how it works out. At the risk of digressing for a moment, we start with a ready-to-serve charge in Ottawa and I think it is practised generally throughout the Province. The ready-to-serve charge is based upon the cubic contents of the building and that was all right so long as domestic lighting was the use to which the current was put, but in





these days where it is so variable and were it is being used for all purposes, it is no longer satisfactory and it does not operate properly. The people who are using electricity for heating, cooking and all these purposes are identically on the same rate as the man who is using it for lighting purposes only. Of course the installation necessary for the great load is much greater and more expensive but that service charge is no longer logical and that is a condition which requires to be remedied. Then we have the stepping down to one cent and to the half cent, the result being that the man who is using the big amount gets a larger amount at half of one cent and that rate does not pay but we are obliged to follow suit. There is a difference between raising rates and trying to make the rates logical. We are content that the City plant should be the rate regulating machine but we say they are losing on this half cent rate, they cannot supply the current at that rate and we know we cannot supply the current at that rate and where there is a shortage they should not sell at that rate.

COMMISSIONER R.A.ROSS: You are claiming that they are selling their birth right for a half cent rate and forcing you to do the same thing in competition?

MR. HENDERSON: Yes, because they are the rate regulator in Ottawa. We want the people to get the benefit of the logical rate but we say that the half cent rate is not logical, it is unbusiness-like. The Hydro Electric Commission ordered this rate to be discontinued and I say this as a compliment to Mr. Ellis, if he does not want to do a thing he does not do it, that

For the purpose of the present investigation

the following method was adopted

The first series of experiments was conducted

with a view to determining the effect of

the various factors on the rate of

the reaction between the two substances

under the following conditions

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is all. Mr. Ellis has many activities and knows his way about and knows how to get around most difficulties.

THE CHAIRMAN: Have you got that letter?

MR. JEFFERY: Yes, it is in our files. It is dated February 15th, 1922 and it is addressed to the Ottawa Hydro Electric Power Commission.

---Letter read.

MR. HENDERSON: Perhaps Mr. Jeffery can explain the street lighting.

MR. JEFFERY: Yes, I can do that. I might say that the members of the Ottawa Commission know more about the details than I do but seeing that Mr. Henderson has asked me I will try and give him an answer. In the Annual Report he has been referring to we endeavour to give as much information as we can along various lines and in the street lighting statement, that is Statement E, we set out the cost of street lighting and the cost per capita. The idea being to show the comparison of these figures for each particular town but in Ottawa they have a special condition which they have not in any other place and had we just put in the figures of the total cost of street lighting and then divided that by the population we would have given the citizens of Ottawa misleading information.

THE CHAIRMAN: Could not you have put it in and added a foot note?

MR. JEFFERY: It could not be explained in a foot note as fully as it would have to be explained. Before the present system of ornamental street lighting was installed in Ottawa they had the old arc lighting





system. I believe on Spark Street and some of the other streets the citizens wanted a better lighting system and that better system was giving to them on the understanding that they would pay the difference in cost between the new system and the old arc-lighting system in their taxes on the foot frontage basis. They do not collect it in the general taxes, it is a special tax on a frontage basis. Now, if we had put that on the per capita basis we would have given misleading information, in the operating statement on page 424, dealing with the Ottawa Street lighting, the revenue includes that. We have not left it out of our statement but in the comparative statement showing how the cost per capita of street lighting is arrived at, as compared with other places, it is not put in in the same way.

COMMISSIONER R.A.ROSS: So that you have put in the taxes that are being levied on the merchants in your revenue statement?

MR. JEFFERY: Yes, that is included in the revenue, and that is to be found on page 424 but if we had put that in the statement of the cost per capita of street lighting we would have been giving misleading information to the public because that ornamental street light is not collected out of the ordinary taxes, it is collected on a frontage basis from these particular customers.

MR. HENDERSON: Does that system prevail in any other municipality in the Province?

THE CHAIRMAN: Why leave out Ottawa?

MR. JEFFERY: We have no other municipality that I know of where just the ordinary ornamental lighting system



is collected on the frontage basis, in other places it is collected as general taxes.

MR. HENDERSON: Is there not a sort of local improvement plant for the White Way, I always understood there was?

MR. JEFFERY: I know of none, they consider that as general expenses and is put in as such.

THE CHAIRMAN: You mentioned just now that in some other municipalities it was not done to the same extent as Ottawa, I presume you had in mind it is done to some extent?

MR. JEFFERY: It is not a local improvement scheme.

MR. HENDERSON: Are there any other municipalities where the frontagers contribute?

MR. JEFFERY: Yes, but it is on the local improvement plan and is put in as part of the general taxes.

MR. HENDERSON: Is not this the local improvement plan in Ottawa?

MR. ELLIS: Yes.

MR. HENDERSON: There is no different in principle, why is Ottawa left out?

THE CHAIRMAN: Were you requested by the Ottawa Commission to leave it out?

MR. JEFFERY: No, sir.

THE CHAIRMAN: You just did it on your own motion?

MR. JEFFERY: Mr. McCallum, the Municipal Auditor, left it out on his own initiative.





COMMISSIONER R.A.ROSS: If you had inserted this statement for Ottawa what result would you have got?

MR. JEFFERY: We would have got a higher rate.

MR. ELLIS: Our General Manager works it out at 14¢ and he tells me the street lighting is lower than any other City in Ontario.

COMMISSIONER HARRIS: Why don't you show that?

MR. ELLIS: I am not responsible for that report.

MR. JEFFERY: Mr. McCollum is not here at present but I will send for him.

MR. ELLIS: All you have to do is to take the amount of money and divide it by the population and you will see that we have the cheapest street lighting of any place in the Province.

COMMISSIONER R.A.ROSS: The whole question is: are the City of Ottawa giving such rates for street lighting as are partly paying for some of the other rates the City is charging?

MR. HENDERSON: The difficulty is to find that out by a demonstration.

COMMISSIONER R.A.ROSS: We will have a demonstration of that.

MR. HENDERSON: We have to go to the official reports and they do not give us the figures accurately as regards Ottawa.

Then passing on to Paragraph Four of our letter, there is as you know in vogue generally a commercial rate, that is recognized by the Provincial Hydro Electric and that commercial rate is based on the installation of the customer. That is very important. We have found



again and again and I have men here who have met with this difficulty, customers come over to us from the Hydro and as soon as their bill comes in, they say, "You are charging us much more than the Hydro charge" and they produce their actual bills from the Hydro and then we find that the Hydro has been billing them for an indefinite term at an installation very much lower than their actual installation.

Q. Have you evidence of that? A. Yes, we have evidence of that here and the only conclusion we can come to is that the Hydro does not maintain a proper inspection to check up the proper installation of customers who have commercial rates. I am not mentioning that as one or two isolated instances, we would not be here if it were that but we find again and again men coming in and saying "My next door neighbor has shown me his bill and he takes from the Hydro and he has got just the same number of lights, as I have, in his store and he is paying half or two-thirds of what I am paying," that is so broad-spread that it has got to be a serious difficulty with us and we are satisfied that their system is wrong in the way of inspection.

COMMISSIONER R.A.ROSS: Do you ever have any criticism from them

MR. HENDERSON: No, we do not know of any; we have never heard of any complaints of that.

MR. BROWN: We have the same thing and we have it every day, only a short time ago a man came into my office and showed me a bill making the same complaint.





MR. ELLIS: We have the same trouble all the time, our customers make the same complaint.

MR. HENDERSON: It is a serious matter and our men are very much handicapped by it.

Now, then, Paragraph Five, there is some overlapping in this paragraph, I have already dealt with the half cent rate and pointed out that that rate must necessarily be supplied at a loss.

Then paragraph six, that was dealt with in some respect in Paragraph one, on the question of taxes, and I do not need to elaborate that again.

THE CHAIRMAN: I would like to have a statement showing how you claim to be discriminated against in the matter of taxes.

MR. HENDERSON: I am quite content to show the statement covering the Ottawa Electric Light Company and the Gas Company, showing the amount of taxes paid by each of these companies for municipal purposes, provincial purposes and federal purposes. The gas taxes ought to be taken off but I am willing to leave it there. There may be some reference made to the effect that we enjoy the advantage of selling gas and there again we have reached the limit of our supply.

THE CHAIRMAN: It is not natural gas?

MR. HENDERSON: No, manufactured gas, we have reached the limit of our capitalization and our borrowing powers and when we went to Parliament to try to get an extension of capital we were met with the objection that we were competing with the Hydro in Ottawa and we could not get an extension. I put in a statement showing



the taxes paid for 1921 by the Hydro plant.

THE CHAIRMAN: Have you shown the assessment of the Hydro plant and what they pay?

COMMISSIONER ELLIS: I have all that information.

MR. HENDERSON: I can put in the Annual Report of the Assessment Commissioner for 1922 and I have turned down the pages dealing with the Ottawa Electric Commission and the Hydro Electric Commission.

THE CHAIRMAN: Are the gas works and the electric company owned by one company?

MR. HENDERSON: Practically all the stock of the gas company as well as the electric light company are owned by the Ottawa Electric Company, both companies are operated by the same officials, Mr. Dion is general superintendent of both companies and Col. Street is secretary-treasurer of both and the directors are practically the same and the accounts are rendered on the same piece of paper.

THE CHAIRMAN: What dividend do you pay?

MR. HENDERSON: A 6% dividend.

Q. On what capitalization? A. \$3,500,000 of the two companies, but bond issue is now \$3,300,000.

THE CHAIRMAN: Are you filing a statement showing that and the rate of interest you pay on your bonds?

MR. HENDERSON: I would be very pleased to send that.

MR. ELLIS: I would like them to show the dividends they have paid since 1900 for the electric light and gas and a statement of the business, divided



1. The first part of the paper is devoted to a general discussion of the problem.

2. The second part is devoted to a detailed study of the case of a single particle.

3. The third part is devoted to a study of the case of a system of particles.

4. The fourth part is devoted to a study of the case of a system of particles.

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13. The thirteenth part is devoted to a study of the case of a system of particles.

14. The fourteenth part is devoted to a study of the case of a system of particles.

between the electric light company and the gas, especially the dividends they have paid in the past.

MR. HENDERSON: I do not know that the dividends we have paid in the past has any bearing on the case, there was a period of time when we did not pay any dividend at all.

COL. STREET: That was for four or five years.

THE CHAIRMAN: I think we should have that statement.

MR. ELLIS: My point is this: before we went into competition with them they did not pay any dividends, but since that time they have paid dividends.

THE CHAIRMAN: You have been a booster for them.

MR. HENDERSON: Yes, I am very glad Mr. Ellis mentioned that because he and I are one on that and I very well recollect the day when the matter first started and Mr. Ellis came to my office and suggested to me that the whole thing could be taken care of. After the Big fire we were wiped out and we did not pay dividends at all for five years and then during the period that these gentlemen went into business in opposition to us as the Consumers Electric Company they started to cut business by the simple expeditious way of cutting rates and they cut to nothing and of course we lost money and everybody lost money. Then Mr. Ellis came to me with the very sensible proposition that the City had the right to go into business and that they would be forced by the Hydro Electric Power Commission to make their business pay and he said, "If we can make our business pay you can make your's pay" and I said, "Yes, Mr. Ellis, I agree with you" and if we cannot we had better get out of business



and I said, that as long as they did business in that way we would be on a satisfactory basis and we went on quite satisfactory for a period of years, until Mr. Ellis learned the light and found out how to reduce rates, the White Way light. It is a rather significant fact that until this White Way System you will find the rates charged by Hydro and ourselves were substantially higher than they are now. Just about that time they commenced cutting down these domestic rates and put up the White Way rate and since then Mr. Ellis is quite right, that up to that time our earnings were very much larger than they have been since. Now we have to finance very closely to pay our dividends but we have succeeded in doing it.

Let us get away from this parish policy of competition because this whole situation is difficult and I hope they will be big enough to say that we have got to look to the development of the City of Ottawa. We have got to put our house in order so that we can provide for the demands of the City of Ottawa. We are confident, Sirs, that if the Hydro Electric Commission of Ontario does its business and sees that the affairs of the local Hydro are conducted in a business-like way and not as a matter of petty politics, municipal politics, and if their business is made really to pay, we can make ours pay and we can attract capital.

THE CHAIRMAN: Do you suggest that they should make a profit over and above cost on their business?

MR. HENDERSON: I understand the policy is that they should barely make it pay, I suppose there should be a little leeway from year to year. We are content





that if they will charge a proper amount for street lighting and pay the proper amount for taxes and if they will charge their business with the little things that should be properly charged to a business, we can make it pay. The City Treasurer, for instance, is their paymaster and the City Hall staff is utilized for running the business of the Hydro. They carry on their business in, I don't know how many desks in the City Hall.

MAYOR PLANT: You had better tell me how many desks because I don't know. I am Mayor of the City and I do not know of any desks in the City Hall that are used by Hydro.

MR. HENDERSON: The City Treasurer is one.

MAYOR PLANT: No.

MR. HENDERSON: The City Auditor is another.

MAYOR PLANT: No, you are making statement that are not correct.

MR. HENDERSON: The City Auditor has to vouch the payments.

MAYOR PLANT: I think it would be much better if Mr. Henderson would stick to facts.

MR. HENDERSON: The City Auditor's report is in and you will find that the City Auditor says he vouches for payments and countersigns their cheques. As regards the Hydro Electric System, he says, that a complete audit of these books has not been made.

MAYOR PLANT: How much time does it take for him to sign cheques? Is that fair argument?

COMMISSIONER HARRIS: The Ontario Hydro Auditors do not audit the municipal accounts.



MR. HENDERSON: They say they do and we want to get at the facts and we say that if a scientific audit of these accounts was made we would know what they were charging for street lighting.

THE CHAIRMAN: Do you suggest that anything is omitted?

MR. HENDERSON: I have suggested that they should charge for the services of any City official whose services they use and we know they use the services of the City Treasurer and the City Auditor to some extent; what others, I do not know.

MAYOR PLANT: The only City official of any kind that is used is the City Solicitor and for any work he does he is paid by the Hydro Commission.

MR. HENDERSON: I say according to the official statement I have read they use the City Treasurer and the City Auditor and they are both high salaried officials and some portion of their salary ought to be charged to Hydro.

COMMISSIONER HARRIS: Is it the general custom for Cities to use their own auditors to audit Hydro accounts?

MR. JEFFERY: As a rule, yes. I will read the clause referring to auditing of accounts: "The Commission may prescribe a system of bookkeeping and keeping accounts of the assets, liabilities, revenue and expenditures of any municipal corporation or municipal commission and may require from such municipal corporation or commission such returns and statements as the Commission may deem proper, and may extract from such books, returns and statements





such information as in the opinion of the Commission may be useful for publication and may embody the same in the reports of the Commission." That is the clause in connection with auditing. I might say that the Commission does not usurp the function of the Auditor as far as the Municipal Hydro books are concerned.

COMMISSIONER HARRIS: Except that you say they shall keep their books properly.

MR. JEFFERY: Yes.

COMMISSIONER HARRIS: If the Local Commission does not think it is necessary to have them audited, that is up to them?

MR. JEFFERY: Yes, the Commission does not take upon itself the responsibility under this Act of acting as official Auditor for the local Commission, it simply prescribes the system of bookkeeping and says that these accounts are to be kept in the manner as prescribed by the Act and they see that the charges are correct according to the Commission's system of bookkeeping.

COMMISSIONER HARRIS: Do you know of any other municipality where they do not have their books audited by somebody?

MR. JEFFERY: I cannot say that I do, I believe practically all the Hydro systems have their books audited by some Municipal Auditor.

MR. HENDERSON: The result of that statement is that the books of the Ottawa Hydro are not audited, notwithstanding the statement made and the statement which they published that their books are audited by the Ontario



Hydro Commission, that is not true and that is a nice state of affairs.

MR. JEFFERY: The statements are checked over as far as the auditor is concerned, but the responsibility of putting in a signed auditor's statement, we do not do that.

THE CHAIRMAN: What do you mean by checked over?

MR. JEFFERY: All the accounts are checked by our auditor and the vouchers examined and he sees that all the accounts are in their proper place but there is no signed auditor's statement made by our auditor. We make our own audit, Mr. McCollum makes his report to the Hydro Commission and it goes before the Commission.

COMMISSIONER HARRIS: Clarkson, Gordon and Dilworth have nothing to do with the auditing of municipal accounts?

MR. JEFFERY: No, the Municipal Auditor is under Mr. Pierdon, Mr. McCollum is on his staff.

Q. He is the man that went to Ottawa? A. Yes, and Mr. Mickler.

MR. HENDERSON: How much time do they spend in Ottawa?

MR. JEFFERY: I could not tell you that. Mr. McDollum will be here this afternoon.

COMMISSIONER R.A. ROSS: You have a system of bookkeeping which is uniform for all the municipalities and that system of bookkeeping is supposed to be carried out by all the municipal systems and what you are after is to see that their books are kept in accordance with that system of bookkeeping. I never supposed that your





Auditor went over all the vouchers and bills of account. They simply inspect the bookkeeping system of the municipality and see that they put the accounts in their proper classification.

MR. JEFFERY: I would rather Mr. McCollum went into that subject.

MR. ELLIS: The City Auditor is always furnished with the vouchers and he examines every account before it is paid, there is no doubt about that, no account can be paid without the City Auditor first examining it and o'k-ing it; that is his audit of the accounts.

COMMISSIONER HARRIS: Does he look back and see whether the payment is justified?

COMMISSIONER ELLIS: Yes, certainly.

MR. HENDERSON: He says he does not make a complete audit.

MR. ELLIS: I know he says he does not make a complete audit but every account is examined by him and every account goes to him before it is paid. As a matter of fact, all our accounts are included in the financial report to the Board of Control and are set out in detail. All our accounts are passed not only by the Board of Control but by the City Council.

COMMISSIONER HARRIS: Your City Auditor in his report says that from the report of the Hydro Commission, and I presume that would be the local commission, it is stated the books have been audited by the Auditors of the Hydro Electric Power Commission but that is not so.

MR. ELLIS: No, I do not know why he says that.

MR. HENDERSON: Because your report says so.



MR. ELLIS: No, it does not say so, it does not say that our books have been audited by the Hydro Electric Power Commission.

MR. HENDERSON: Yes, it does.

MR. ELLIS: I will be very much surprised if it says our books are audited by the Hydro Electric Power Commission.

MR. HENDERSON: That is on page 66, paragraph 8, of the report for 1918: "The Attached statements have been audited by the Hydro Electric Power Commission Auditors and have been prepared in conformity with the standard system of accounting as required by the Commission throughout the Province" and that is signed by the three commissioners.

MR. ELLIS: That is what I say, the accounts have been audited by the Hydro Auditor, what is wrong about that, that statement is absolutely correct.

COMMISSIONER R.A.ROSS: The City Auditor passes all accounts and vouchers and signs all the cheques?

MR. ELLIS: Yes.

COMMISSIONER R.A.ROSS: That is what you call your audit?

MR. ELLIS: Yes, and the Hydro goes over the accounts to a certain extent.

THE CHAIRMAN: We will here from Mr. McCollum as to that.

COMMISSIONER HANEY: Have you a local Hydro Auditor independent of the City?





MR. ELLIS: No, we do not think one is necessary, it would be needless expense.

COMMISSIONER HARRIS: Why should not the local company say, "We could save money by not having them audited."?

MR. ELLIS: That is their business, we have a partial audit by the City Auditor, all these accounts go before the City Council and they cannot be paid until the City Council has passed them and they also have to be passed by the Board of Control.

COMMISSIONER HARRIS: I should think it would be really more necessary that a municipal body should have its accounts audited than a private company.

MR. ELLIS: All the safeguards necessary are taken.

THE CHAIRMAN: Are not you doing the same as the Ontario Government, their auditor checks all accounts before they are paid.

MR. ELLIS: That is exactly what we are doing.

COMMISSIONER R.A.ROSS: Who classifies them?

MR. ELLIS: We classify them and send them to the Auditor.

COMMISSIONER R.A.ROSS: How does he separate the cheques which are chargeable to the different accounts?

MR. ELLIS: That is quite easy, we have a cheque to cover it and we have a bank book of our own and we have a cheque of a different color from the City cheques; our cheques are for the Electrical Department alone.

COMMISSIONER R.A.ROSS: So that he signs the cheque and the voucher and some officer of the local Commission have to countersign that cheque?



MR. ELLIS: No, nobody signs the cheques of the Local Commission except a member of the Board of Control, the City Treasurer and the City Auditor, no official of ours ever signs the cheque. We send in our requisition and on the back of that requisition is a statement of how the account is distributed and the Treasurer makes out the cheque.

MR. HENDERSON: Surely it cannot be pretended that these accounts are audited?

THE CHAIRMAN: I do not see why, Mr. Henderson?

MR. HENDERSON: The account is simply o.k-ed by somebody in authority before it is paid.

THE CHAIRMAN: Do not they go farther than that?

MR. JEFFERY: I might refer to the Public Utilities Act in connection with this audit; it says on page 108 "The Accounts of the Commission shall be audited by the Auditors of the Corporation and the Commission and its officers shall furnish to the Auditors such information and assistance as may be in their power to enable the audit to be made" If the Auditor says he does not audit the books of the Hydro he is remiss in his duty.

MR. ELLIS: I think I can explain it a little further, the City Auditor would like to get an extra amount of money from the Hydro Commission for his services and that is the whole trouble.

COMMISSIONER HARRIS: Why not allow him an extra amount of money and have it done properly?

MR. ELLIS: I am not sure that we are not having it done properly.

MR. HENDERSON: You have not got an audit.





MR. ELLIS: Yes, I think we have.

THE CHAIRMAN: I do not see why it is not an audit. The checking may be done quite as well at the time the cheque is issued as six months afterwards.

MR. HENDERSON: I would shudder at the suggestion that Mr. Clarkson would say that this is an audit of the accounts; surely, when the Act says the City Auditor should audit these accounts, it ought to be done.

COMMISSIONER HARRIS: Does not that settle the question when the Auditor of the City says he does not do it?

MR. HENDERSON: And we find the Local Commission telling the ratepayers that the audit is made by the Hydro Commission.

MR. ELLIS: We do not think we are wrong in the position we are taking, an auditor would be an unnecessary official on our staff and he could not possibly do any more than is being done now.

MR. HENDERSON: In other words, we are so honest and upright that an auditor is not necessary.

MR. ELLIS: We do not pay out any cheques and we cannot pay out any money.

Q. What about your receipts?

MR. ELLIS: They are well looked after, the Auditor is responsible for every account which is paid and he has to put his stamp on every account.

COMMISSIONER HARRIS: Does he put his stamp on every account?

MR. ELLIS: Yes; he stamps every voucher.



COMMISSIONER HARRIS: Then he is committing perjury when he says he does not make an audit.

MR. ELLIS: When he says he does not audit.

THE CHAIRMAN: The Provincial Auditor signs the cheques before they go out, no cheque can be issued by the Provincial Government until it is signed by the Auditor.

MR. HENDERSON: That is an audit of the account.

THE CHAIRMAN: That is an audit of the account before the account is paid and that is the right time to make an audit.

MR. HENDERSON: That is an audit of that particular account but it is not an audit of the business.

COMMISSIONER HARRIS: He should give a certificate in the same form that any auditor does.

MR. HENDERSON: Any reputable auditor would want to see that all the accounts were kept in proper form.

THE CHAIRMAN: There is nothing to show that the accounts that appear in the Annual Statement correspond with these cheques that have gone before the Hydro.

MR. HENDERSON: All the Auditor does is to put his o.k. on the voucher.

COMMISSIONER R.A.ROSS: There is the distribution of the account on the back, once you have got that distribution you send it to your Auditor, then how do you know it has been paid in that way?

MR. ELLIS: We get it back and I understand Mr. McCollum checks these things up every year when he comes around.





MR. JEFFERY: Yes, he checks them up.

COMMISSIONER R.A.ROSS: He sees that it is in the proper classification?

MR. ELLIS: My point is this: The City Auditor says that the account is a proper account, it is his business to audit and see that it is put in its proper classification and then Mr. McCollum sees that the account is charged up in the way it should be.

THE CHAIRMAN: Who audits your receipts?

MR. ELLIS: I do not know that anybody audits the receipts.

MR. BROWN : That is checked over by another employee of the Hydro and the money is taken to the bank and if there is anything out it is show at once. The General Manager appoints a young man who takes charge of all accounts.

MR. ELLIS: All of our receipts go through a cash register.

MR. HENDERSON: Practically every corner grocer keeps a cash register. The Fact is the Municipal Auditor says he does not audit these accounts and here is an important Municipal Department and it has no audit.

COMMISSIONER HARRIS: Would it be Mr. McCollum's duty to report back to the Ontario Hydro Commission any irregularities he might notice in one of the local systems?

MR. JEFFERY: Yes.

COMMISSIONER HARRIS: Have you ever had any report of that kind from him on the Ottawa system?



MR. JEFFERY: No, I would not say that we have.

MR. ELLIS: We never had Mr. McCollum go over our statements that he did not make a number of changes.

MR. HENDERSON: We have an independent Auditor for the Ottawa Electric Company and he gives practically the whole of his time to the work.

COMMISSIONER HANEY: He goes over the receipts and expenses?

MR. HENDERSON: Everything.

COMMISSIONER R.A.ROSS: You have three times as many customers and then you also have the gas company.

COMMISSIONER HARRIS: You started out by objecting to the principle of the municipal system in Ottawa getting their auditing done without any charge, is that what you are trying to figure out?

MR. HENDERSON: My present objection is that they have no audit and if they do have an audit it should be paid for out of their receipts.

COMMISSIONER HARRIS: That goes all the way down the line?

MR. HENDERSON: Yes, I understand the Mayor has stated that the City Solicitor is paid ~~some~~ thing for ~~any~~ work he does for the Hydro Department.

MAYOR PLANT: That is right, that is charged up to the Hydro.

MR. HENDERSON: The Auditor should see to it that all these things are in the accounts and I think their accounts should be audited.

COMMISSIONER HARRIS: I think the City Council should see to that.





COMMISSIONER R.A.ROSS: You made the statement that you were operating your steam plant today?

MR. HENDERSON: Yes.

COMMISSIONER R.A.ROSS: Was that due to ice?

A. Not alone due to ice, it was an actual shortage of power, independent of ice. We have had to operate our steam plant every winter more or less and we are not supposed to use our steam plant at all unless the power plant is shut down by reason of an accident or by anchor ice.

MR. DION: We are now using our steam plant almost to the limit. The steam plant is intended as a reserve but it is not a reserve any more. During the very great shortage this winter we had to use that steam plant, with the result that we did not take from the Ottawa and Hull Power Company as much power as we might by virtue of the fact that we are using that much more steam power and thereby we are helping the City. If we had followed the plan of keeping the steam power only as a reserve we would have had to get more power from the Power Company and we have a right to get that under our contract.

MR. ELLIS: And no right to get it under our contract.

MR. DION: The City was helped in that way.

COMMISSIONER R.A.ROSS: Have you had low water?

MR. DION: Yes, we have had low water. They keep on saying we have been very unfortunate this winter but we will be better off next winter, but next winter never comes.

MR. ELLIS: Nobody is going to use steam power



when they can get water power.

DR. ROSS: As I understand it we have the first call on that power from the Ottawa and Hull Power Company.

MR. HENDERSON: No, and yes, the Ottawa Power Company have contracted both ways.

DR. ROSS: The original contract is with the City of Ottawa.

MR. HENDERSON: Their earlier contract is with the City of Ottawa, that is all.

THE CHAIRMAN: Do you think if there was not enough power to go around you could compel them to serve you.

MR. HENDERSON: I do not consider myself that either of these contracts is susceptible of specific performance, they are personal contracts and we can claim damages only. Their contract with the Hydro gives them the first call on power and they have contracted with us that in no case will they discriminate against us. Neither of us can compel specific performance.

THE CHAIRMAN: That is your argument?

MR. HENDERSON: We both would have to resort to a claim for damages. If the Ottawa and Hull Power Company choose to sell power to the City at \$12 and it has sold power to us at \$15, I do not know what they would do. There have been some very extraordinary things done but they would have to work that out.

MR. ELLIS: There is absolute prohibition in our contract against their selling power to anyone and we can proceed by injunction to restrain them from selling that power and the claim of the Ottawa Company would be for damages.





MR. HENDERSON: Will you undertake to take out an injunction?

MR. ELLIS: I am not talking about doing that.

MR. HENDERSON: I can show you at once that no court would grant an injunction in a case of that kind.

THE CHAIRMAN: It may come to that point and then the courts will have to decide.

MR. ELLIS: We have no objection so long as this Company have power to supply the Ottawa Company, why should we, as long as there is enough for both we do not object.

THE CHAIRMAN: You would not have any ground to object.

MR. ELLIS: Except we could object.

COMMISSIONER R.A.ROSS: Speaking as a lawyer in embryo when a man makes an improvident contract cannot he be forced to specific performance? These people have made an improvident contract between you two people.

MR. HENDERSON: The Ottawa and Hull Power Company is in Quebec, this contract with the Ontario Commission does not purport to be made in any particular place but I am assuming their office is in Ottawa and I am assuming that we are governed by English and Ontario law, I am not professing to speak as to Quebec law but I do say as an elementary principle of law, that a remedy by injunction would not be granted if a remedy by damages would suffice. Any lawyer knows that at first glance.

COMMISSIONER R.A.ROSS: Would not compulsion be brought to bear by the Courts upon these wealthy owners of this plant to provide such power as was necessary



from some other plant to give specific performance to their agreement?

MR. HENDERSON: I do not know what you mean by compulsion, there is such a thing as a mandatory injunction. It is an absolutely elementary principle that a mandamus or injunction will not be granted in a case where a remedy by damages will suffice.

COMMISSIONER R.A.ROSS: You stated that the price to the municipality was \$13 and the price to you \$15 there is no great disparity for saying that you have three times as heavy a load as they have, you ought to be able to handle the situation and compete.

MR. HENDERSON: I do not propose to be able to deal with that question.

COMMISSIONER R.A.ROSS: Their balance has all been offset as far as the floor rate is concerned by the use of electricity for cooking and other domestic purposes; the rate might have been perfectly logical at one time.

MR. HENDERSON: In dealing with that question I am merely a gramophone for Mr. Dion to point out that that rate is no longer logical and that leads on to the half cent rate and I would like you to hear Mr. Dion on that.

COMMISSIONER R.A.ROSS: He can also take up the question of selling power for \$40 for lighting and \$13 for power.

MR. ELLIS: I suppose there is no objection to our asking the company to put in a copy of their contract, we have put in a copy of ours?





MR. HENDERSON: There is no objection, I have the only copy we have here.

COMMISSIONER HARRIS: If you leave that copy with us we will have a copy made from it.

MR. ELLIS: I will leave with you a copy of the contract between the Ottawa and Hull Power Company and the Hydro Electric Power Commission of Ontario and the contract with us is practically a repetition of that.

A. A. DION.

THE CHAIRMAN: You might just cover the different points that have been mentioned?

MR. DION: I need not speak about the matter of taxation, except to emphasize it a little more by saying that we are paying for the electric company alone \$216 a day in taxes for 365 days in the year and the Hydro Commission is only paying \$4.60 a day and that makes quite a difference.

COMMISSIONER HARRIS: That does not cover your whole taxation for the gas company and all? A. No, but that covers Provincial, Municipal and Federal, that is the total taxation.

Q. Is that all in Ontario? A. Yes.

Q. Is that all in Ottawa? A. Ottawa and the suburbs, a great bulk of that \$55,000 is local municipal taxes. I do not know whether it goes outside of Ottawa, we have some suburban business immediately around Ottawa, it is all in Ontario.

COL. STREET: Except about \$100 in Quebec, we sell electricity in Hull. That is \$100 per year. We have only a small installation in Hull.



MR. DION: Taking up the question of street lighting, my information is derived from the official records of the Hydro Commission, that is all that is available to me. I cannot verify it by the books, I work it out from these reports. The Gross revenue from street lighting, the ordinary street lighting is \$45,883.90, in 1921 the White Way, or ornamental lighting on the main business streets is \$16,010.25, that is in addition to the \$45,000, that is on the business streets and a couple of other streets and that makes a total of \$61,894.15.

In the same report they show the cost of operation and maintenance for ordinary street lighting at \$16,705.57 and the cost of operation and maintenance for ornamental lighting at \$9,493.50, making a total of \$26,199.07. If you deduct the cost of operation and maintenance from the total revenue it shows a surplus of \$35,695.08. This surplus on the system has to cover the electric current because the other charges of operation and maintenance are already provided for.

COMMISSIONER R.A.ROSS: What about the fixed charges? A. I am not taking account of the fixed charges because I do not know what they are. When I make a comparison of the cost of street lighting with what is being charged to individual users for an equivalent amount of power I do not think an overhead comparison is fair.

Q. All you can say is this \$36,000 is the amount charged for power, plus the fixed charges? A. Yes, we will go on now; assuming for the moment that that is for electric





current I take the installation as 59 arc lights, 713 incandescent lamps of 600 candle-power, 122 incandescent lamps of 400 C.P., 516 incandescent lamps of 100 C.P., that is for ordinary lighting. For ornamental lighting there are 2,900 incandescent lamps 100 watts, in addition to that the Hydro Commission supplies 357 incandescent lamps 100 watts to the Ottawa Improvement Commission which is a Dominion Government body. I do not include that because there is no charge made for it. My understanding has been that Hydro agreed to supply them without charge if the Improvement Commission would supply the fixtures, they may have been charged since, if so I am not aware of it.

COMMISSIONER HARRIS: They make a charge here?

A. However, that does not affect the result, I am not taking that in at all.

Q. It says here they charge \$8, 60¢ per foot, what does that apply to? Is that the White Way and does that include the whole charge?

MR. ELLIS: It includes the whole charge for the White Way.

COMMISSIONER R.A.ROSS: You charge an extra cost for the White Way service in addition to what you charge for the ordinary lighting service?

MR. ELLIS: Yes, I can explain that in this way: It is done under the Local Improvement Act and in carrying that out we said we have so many street lights there already and the city's share of this Local Improvement would be so much, that is to say if there were ten lamps



in a certain area the City pays for these lamps in their street lighting charge so that the property owners pay just what they would pay, exclusive of what the City paid if there had been no White Way there at all.

---Adjourned at 1 P.M. until 2:30 P.M.

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MARCH 12, 1923.

2:30 P.M. RESUMED.

MR. A. A. DION. Resumed.

Just before lunch I stated that the excess of the revenue for street lighting over the cost of operating and maintenance as given in the reports was \$35,695.08, I took the lights as given. I notice the figure of the total horsepower furnished, by taking the arc lamps, as being 550 watts, 600 C.P. as 375 watts each; 400 C.P. lamps 262 watts; 100 C.P. lamps 90 watts, the ornamental lighting being rated in wats. The total wattage was 668,179 watts, equal to 668 kilowatts. This may be subject to slight correction but that would not affect the result practically. 668 kilowatts divided into the price shows \$53.42 per kilowatt per year. A kilowatt is one and one-third horsepower, therefore the amount per h.p. is \$40.07, for the operating cost, over and above maintenance and operation. We know that power is being sold under the tariff to individual users at a price running below \$20. As a matter of fact a motor operating full power for nine hours a day for 306 days, that is taking every week day less six holidays in a year and taking out Sundays leaves 306 days, and the motor operating nine hours cost under the tariff \$18.75 per h.p.



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1910. 1911. 1912. 1913. 1914. 1915. 1916. 1917. 1918. 1919. 1920. 1921. 1922. 1923. 1924. 1925. 1926. 1927. 1928. 1929. 1930. 1931. 1932. 1933. 1934. 1935. 1936. 1937. 1938. 1939. 1940. 1941. 1942. 1943. 1944. 1945. 1946. 1947. 1948. 1949. 1950. 1951. 1952. 1953. 1954. 1955. 1956. 1957. 1958. 1959. 1960. 1961. 1962. 1963. 1964. 1965. 1966. 1967. 1968. 1969. 1970. 1971. 1972. 1973. 1974. 1975. 1976. 1977. 1978. 1979. 1980. 1981. 1982. 1983. 1984. 1985. 1986. 1987. 1988. 1989. 1990. 1991. 1992. 1993. 1994. 1995. 1996. 1997. 1998. 1999. 2000. 2001. 2002. 2003. 2004. 2005. 2006. 2007. 2008. 2009. 2010. 2011. 2012. 2013. 2014. 2015. 2016. 2017. 2018. 2019. 2020. 2021. 2022. 2023. 2024. 2025. 2026. 2027. 2028. 2029. 2030. 2031. 2032. 2033. 2034. 2035. 2036. 2037. 2038. 2039. 2040. 2041. 2042. 2043. 2044. 2045. 2046. 2047. 2048. 2049. 2050. 2051. 2052. 2053. 2054. 2055. 2056. 2057. 2058. 2059. 2060. 2061. 2062. 2063. 2064. 2065. 2066. 2067. 2068. 2069. 2070. 2071. 2072. 2073. 2074. 2075. 2076. 2077. 2078. 2079. 2080. 2081. 2082. 2083. 2084. 2085. 2086. 2087. 2088. 2089. 2090. 2091. 2092. 2093. 2094. 2095. 2096. 2097. 2098. 2099. 2100. 2101. 2102. 2103. 2104. 2105. 2106. 2107. 2108. 2109. 2110. 2111. 2112. 2113. 2114. 2115. 2116. 2117. 2118. 2119. 2120. 2121. 2122. 2123. 2124. 2125. 2126. 2127. 2128. 2129. 2130. 2131. 2132. 2133. 2134. 2135. 2136. 2137. 2138. 2139. 2140. 2141. 2142. 2143. 2144. 2145. 2146. 2147. 2148. 2149. 2150. 2151. 2152. 2153. 2154. 2155. 2156. 2157. 2158. 2159. 2160. 2161. 2162. 2163. 2164. 2165. 2166. 2167. 2168. 2169. 2170. 2171. 2172. 2173. 2174. 2175. 2176. 2177. 2178. 2179. 2180. 2181. 2182. 2183. 2184. 2185. 2186. 2187. 2188. 2189. 2190. 2191. 2192. 2193. 2194. 2195. 2196. 2197. 2198. 2199. 2200. 2201. 2202. 2203. 2204. 2205. 2206. 2207. 2208. 2209. 2210. 2211. 2212. 2213. 2214. 2215. 2216. 2217. 2218. 2219. 2220. 2221. 2222. 2223. 2224. 2225. 2226. 2227. 2228. 2229. 2230. 2231. 2232. 2233. 2234. 2235. 2236. 2237. 2238. 2239. 2240. 2241. 2242. 2243. 2244. 2245. 2246. 2247. 2248. 2249. 2250. 2251. 2252. 2253. 2254. 2255. 2256. 2257. 2258. 2259. 2260. 2261. 2262. 2263. 2264. 2265. 2266. 2267. 2268. 2269. 2270. 2271. 2272. 2273. 2274. 2275. 2276. 2277. 2278. 2279. 2280. 2281. 2282. 2283. 2284. 2285. 2286. 2287. 2288. 2289. 2290. 2291. 2292. 2293. 2294. 2295. 2296. 2297. 2298. 2299. 2300. 2301. 2302. 2303. 2304. 2305. 2306. 2307. 2308. 2309. 2310. 2311. 2312. 2313. 2314. 2315. 2316. 2317. 2318. 2319. 2320. 2321. 2322. 2323. 2324. 2325. 2326. 2327. 2328. 2329. 2330. 2331. 2332. 2333. 2334. 2335. 2336. 2337. 2338. 2339. 2340. 2341. 2342. 2343. 2344. 2345. 2346. 2347. 2348. 2349. 2350. 2351. 2352. 2353. 2354. 2355. 2356. 2357. 2358. 2359. 2360. 2361. 2362. 2363. 2364. 2365. 2366. 2367. 2368. 2369. 2370. 2371. 2372. 2373. 2374. 2375. 2376. 2377. 2378. 2379. 2380. 2381. 2382. 2383. 2384. 2385. 2386. 2387. 2388. 2389. 2390. 2391. 2392. 2393. 2394. 2395. 2396. 2397. 2398. 2399. 2400. 2401. 2402. 2403. 2404. 2405. 2406. 2407. 2408. 2409. 2410. 2411. 2412. 2413. 2414. 2415. 2416. 2417. 2418. 2419. 2420. 2421. 2422. 2423. 2424. 2425. 2426. 2427. 2428. 2429. 2430. 2431. 2432. 2433. 2434. 2435. 2436. 2437. 2438. 2439. 2440. 2441. 2442. 2443. 2444. 2445. 2446. 2447. 2448. 2449. 2450. 2451. 2452. 2453. 2454. 2455. 2456. 2457. 2458. 2459. 2460. 2461. 2462. 2463. 2464. 2465. 2466. 2467. 2468. 2469. 2470. 2471. 2472. 2473. 2474. 2475. 2476. 2477. 2478. 2479. 2480. 2481. 2482. 2483. 2484. 2485. 2486. 2487. 2488. 2489. 2490. 2491. 2492. 2493. 2494. 2495. 2496. 2497. 2498. 2499. 2500. 2501. 2502. 2503. 2504. 2505. 2506. 2507. 2508. 2509. 2510. 2511. 2512. 2513. 2514. 2515. 2516. 2517. 2518. 2519. 2520. 2521. 2522. 2523. 2524. 2525. 2526. 2527. 2528. 2529. 2530. 2531. 2532. 2533. 2534. 2535. 2536. 2537. 2538. 2539. 2540. 2541. 2542. 2543. 2544. 2545. 2546. 2547. 2548. 2549. 2550. 2551. 2552. 2553. 2554. 2555. 2556. 2557. 2558. 2559. 2560. 2561. 2562. 2563. 2564. 2565. 2566. 2567. 2568. 2569. 2570. 2571. 2572. 2573. 2574. 2575. 2576. 2577. 2578. 2579. 2580. 2581. 2582. 2583. 2584. 2585. 2586. 2587. 2588. 2589. 2590. 2591. 25

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per year. That is the whole cost, the point is they can sell power at \$18.75 and less, because there are very few customers who use their motors in that way, they do not use full power for the full nine hours a day, that hardly ever happens. Take this figure at \$18.75 as the maximum which they can get except in a very few cases where people might use their motors all night and it shows they are getting more for their street lighting than for the private supply of power to individuals. It has been said that this does not cover overhead, but

if one amount is high enough to cover overhead and cover the total cost, so is the other. If \$40.07 per h.p. is not more than the cost, as Mr. Ellis said this morning, then why should they sell to the individual at so much below cost? There is the point. Why sell to the City at a higher price than they sell to the individual?

COMMISSIONER HARRIS: Have you worked that  
a per  
cost of street lighting down to ' ' capita basis?

MR. DION: No, Sir.

COMMISSIONER HARRIS: Have you done that,  
Mr. Ellis?

MR. ELLIS: Yes.

MR. DION: The tariff in force in Ottawa, as explained to you this morning, has been on the basis of a fixed price each month, based on the size of the house together with a consumption charge which starts at 2¢ for a certain amount of current used in one month after which the excess is charged at 1¢ and then further use is charged at half a cent. Now leaving out the figures, the principle is right and that principle has been generally



admitted all through the continent as the proper principle; that there should be a fixed charge for readiness to serve which will protect the company's investment in the cost of no current being used, or very little current being used. While that principle is correct and has been for that reason adopted by the Hydro Electric Commission, and recommended to the various municipalities, in the City of Ottawa we have departed entirely from the fundamental idea in applying it. This fixed charge depending on the size of the house, is not fixed as to the size of the house cut is taken as approximately the way of getting at the probable demand, the amount of electricity that will be taken at any one time by the consumer is what determines the size of our transformers, meters and power house equipment; everything is governed by what the aggregate of all the customers will demand, and what each customer will demand at any one time. Now it stands to reason that it is in accordance with that principle that when the demand increases, the demand charge ought to increase. To check that up exactly you would need to have an instrument that would record the demand as well as the consumption. These instruments are expensive and if they were put in the consumer would have to bear the cost and until lately the instruments have not been quite as good as they should be and for these reasons the Hydro Commission and most of the companies have adopted the plan of approximating the demand, either by taking the size of the house or taking the number of rooms in the house as a measure of the probable demand. Take a man with electric lighting only, his demand will be





small, let us say for a house of an average size, it would be somewhere about one-third of a kilowatt, that might be as much as he would demand at any one time. Another customer with the same sized house would add a cooking range, a heater for hot water, <sup>some</sup> small air heaters, which are used in the fall and the spring, and other appliances. There are many cases where all these things have been added, so that the demand might rise as much as ten times what it was before, and yet the same demand charge is asked.

THE CHAIRMAN: There has been no change in that?

MR. DION: No, and that is what makes the rate because you understand the demand charge remains fixed and the consumption over the ordinary consumption for lighting, comes under the half cent rate. If that was supplemented by a proper increase in the demand rate then it would be different but it is not profitable, it is probably a loss to supply current at half a cent if that is not supplemented by something else and I take it that the Hydro Commission has taken the same view and they have asked to have that rate cut off. Now, sir, this very low rate of half a cent which is lower than necessary becomes even at a higher rate, because of all these <sup>things,</sup> electric cooking and so forth, a very low rate on almost everybody. The result of this low rate has been to unduly encourage the use of these appliances and they use a large quantity of power as compared with lighting and they constantly increase the loads, which means that transformers have to be taken down and replaced by larger ones and that the distribution has got to be



supplemented and rearranged.

Q. In what way do you do that, do you have to put up more wires? A. More transformer capacity and in many cases we have to replace wires or rearrange our circuits. We are now doing that at very great expense in order that each customer may get all that he asks for without any undue loss of pressure. It stands to reason if our load increases we have got to increase our investment to take care of it and we are doing that. For the service which is supplied at such a low rate that the revenue is not adequate, so that the quantity of power is large, not only is the rate low but the uses of these things is intermittent and the result is that we have got to put up with it because Hydro is selling at that low rate and we have got to put up with it and we cannot get away from it and our contention is that they can charge these rates because they are exempt from taxation and they are able to quote these lower rates.

The power situation is very serious, I believe that the Hydro Commission in Ottawa are more optimistic as to the power they will be able to get than they should be. We have been told that they have contracted for another 2,000 h.p. to be delivered in October. I hope they get it, but my firm conviction is they will not get it.

Q. From the same source? A. From the same source, the power of the Chaudiere is all employed and there is no other source to get it from. The developments that you have been told about are not yet started and it will





take a matter of two years before power can be brought into Ottawa to supplement what we have. I know from conversations with people who are interested in the development in two different cases that they cannot afford to sell wholesale in Ottawa for less than \$20 per h.p. Apart from the price there is the question of how we and the Hydro are going to live for the next two years.

While we must fairly serve the public, the wisest policy under these conditions it seems to me would be not go go very much out of our way to coax the building of big loads. If a customer comes to me and wants electricity he is going to get it, but why coax, by this very low rate, to have them increase their loads. We are going into a blind alley and Hydro is going into it and we have got to follow, we cannot turn down our customers, that is why we consider the situation is very serious.

Q. Are you furnishing us with a statement showing the amount of your sales each year? A. Yes, I can get that.

Q. Showing all the loads there has been on your plant?

A. Yes.

Q. What day of the week is your big load? A. It varies, about the middle of the week, sometimes Wednesday, Thursday and Friday.

Q. What time of day is your highest load? A. At this time it would be about six o'clock, it varies with the sun; the great peak earlier in the season is when the days are so short that the lights are turned on before the shops and work-shops are closed down and there is an overlapping of all services together, that is the peak load.



Q. Have you been able to meet that? A. \*We have been able to meet that by using our steam station. At one time this winter we had an unfortunate break down of a stream turbine that had been operating for 12 years and some of our services had to be shut down for two nights, that shows to what extent we are depending on steam.

We might use use steam to the least extent if we claimed power from the Company.

Q. How much do you generate from the steam plant?

A. We generate about 6,000 kilowatts, if the available power from the Chaudiere Falls, plus our steam plant, is not enough for both Hydro and ourselves, somebody is going to suffer. According to our company we should not suffer any more than the City. We have the right to demand from the Ottawa and Hull Power Company our fair share. The City and Hydro claim according to their contract that they are entitled to the first call, that has got to be fought out.

MR. HENDERSON: What do you say about the statement this morning that street lighting affects the diversity load? A. No, it is the pumping of water, I understand there is no diversity factor there, it is 24 hours straight.

THE CHAIRMAN: What would your average monthly bill be for domestic consumers? A. I want to say a word about what was claimed about the Hydro in some cases not charging the full amount, not basing their charges on the full installation but on a lesser installation. Mr. Brown stated that we were doing the same thing. We have an Inspection Department with several men employed





who are checking these things and if these things have happened in our case I do not know it, and it is accidental.. That is to say, we can do no more than have an effective inspection; if in spite of a reasonable and effective inspection some such things do happen nobody can be blamed for it. Our belief is that in the case of the Hydro Commission the inspection is inadequate and thereby these things happen which puts us in an awkward position. I am not thinking so much about the actual loss of revenue but it places us in an awkward position to charge more than the Hydro, whereas we are supposed to charge exactly the same.

COMMISSIONER R.A.ROS3: They have an Inspection Department? A. I understand not.

MR. BROWN: Yes, we have, and a good one too. We have two men and we have a very small commercial business in comparison with the Ottawa Company. It is the commercial power you are talking about?

MR. DION: Commercial and our inspection has~~un~~ been the means of correcting a lot of errors . Every month we have a number of cases where we have to increase the charges on the report of our Inspector. If these reports were not available we would be charging somebody too little. However, I do not know that that is a matter of very great importance but it is unpleasant to have to be in that position of charging a customer more than the Hydro charges.

MR. BROWN: We have to decrease much more oftener than increase. We try to get at the proper connected load.



MR. DION: Do you mean that if you are charging a man for a connected load of 20,000 horsepower you change that?

MR. BROWN: No, we think a man may put in a few extra lights but as long as he keeps down his demand we allow that.

COMMISSIONER R.A.ROSS: That is probably where the difference comes in.

MR. DION: We have some men here who are familiar with some of these cases and we can give you direct evidence.

COMMISSIONER R.A.ROSS: As far as you can see you have got a saturated municipality as far as lighting is concerned and almost as far as power is concerned, your big increase is going to be in heating and kitchen equipment? A. And in buildings.

Q. The Cooking is a pretty uncertain load, they use a great quantity of power and that is something that is likely to occur over this whole country, you are going to be eaten up with it? A. I believe in many places the owners of municipal plants have over-sold, but in some places they have spare power, we have none here. As a matter of fact we have turned down business; we are turning down business continually. In view of the scarcity of power we have turned down business, we have been asked repeatedly to make extensions and we have turned the proposition down.

Q. Have you a record of the number of kilowatt hours used for lighting and for power and for heating, so as to see how that increase has taken place? A. We do not





separate the lighting from the cooking, it is all on one meter but I can separate the power from the other.

MR. BROWN: On the transformer there was 68,960 watts and the maximum demand only showed 4,400 watts.

Q. What time of the year was that? A. February 14th, that goes to show you what a terrific difference there is in comparing the connected load with the maximum demand as measured at the transformer, there is 68,960 watts and the connected load, was 4,400 watts.

Q. You have probably taken the extremist situation?

A. I can give you another. The connected load was 82,200 watts and the maximum demand load on February 12th was 1,514 watts.

Q. Was anybody away on holidays? A. No.

Q. What time of the day would that be? A. We could not tell but I would presume that the maximum demand would be about six o'clock.

Q. So there would be that variation? A. Yes, the connected load and the demand is something tremendously different. Cooking and diversity factor is so great that we are able to supply current at very low rates, due to that.

MR. DION: Is not it a fact, regardless of the diversity factor, that if a man has a larger connected load he is going to have a larger demand, diversity would apply in both cases.

THE CHAIRMAN: What is your opinion of the use of power for stoves, is it economical?

MR. DION: It certainly is in Ottawa.

COMMISSIONER R.A.ROSS: Should it be encouraged.

MR. DION: If you have sufficient power available



and the rates are fair it should be encouraged, the same as any other service.

COMMISSIONER R.A.ROSS: Supposing you are measurably within reach of all the power you can get and various other places are running up against it, should that load be encouraged? A. That is a question, it is not as essential as lighting. This question has been discussed very much by various bodies of engineers all over the country and the general opinion has been that we should reserve our power for industries, that is for power and lighting and that we should conserve our coal for heating. Some engineers went so far as to say that it would degrade electricity to use it for heating. Owing to the coal shortage the opinion, I think, of all engineers who have gone into the question was that coal should be conserved for heating and everything else should be done by electricity. If you can have a factory that uses a lot of coal use electric current you conserve that coal for heating.

COMMISSIONER R.A.ROSS: When you are selling power to a manufacturing company you are selling for production and when you are selling it for lighting you are selling it as a luxury and when you are selling it for use in the kitchen that is worse than a luxury, it is just like somebody having silver dish pans in their kitchen.

COMMISSIONER HANEY: Can you stop it?

MR. HENDERSON: Only by putting on a fair price.

~~COMMISSIONER~~ HANEY: The price would have to be pretty high.

MR. DION: The price should be at least sufficient to cover fully the cost.





COMMISSIONER R.A.ROSS: When you have got it in the hands of the ladies nothing will stop it. Mrs. So and So has an electric stove and we must have one and if you raise the rates father will have to pay it just the same and the cooking utensils will remain.

THE CHAIRMAN: It is much cheaper in Toronto to do your cooking by an electric range than a coal range.

MR. DION: The rates are too low, what will be the feeling of the public when we reach the end of our power which is very near and we have to pay \$20 per h.p., our rates will have to be increase then..

THE CHAIRMAN: Do you look for such a day?

MR. DION: Yes, I expect such a day.

Q. When will it come, you have other power sites at Ottawa that you can develop? A. Yes, but I have stated that in two different cases where surveys have been made and estimates made by engineers and where they have done a great deal of preliminary work, they have come to us and they have said, large users like the Booth Company and others, they do not want to go on and develop because their price would have to be \$20 and they state they cannot bring it in at less than that and the price now is \$13 and \$15 and if it was raised to \$20 the rates for electricity would have to go up.

COMMISSIONER HANEY: Cannot Hydro develop power at a cheaper rate than \$20 and eliminate the profits?

A. Of course these people expect some profit, they want to pay interest on their bonds; at the same time they were large developments and comparatively cheap, one of them was a cheap development and <sup>on</sup> a large scale and the only difference would be the profits, whatever



profit there would be, but the Hydro Commission would have to pay interest and sinking fund on its investment.

Q. And a lower rate of interest? A. If you calculated on not providing any sinking fund.

MR. BROWN: The difference between \$13 and \$20 is not so much to us, it costs us near two-third's to distribute that power and the other one-third is for the power, so that \$20 would not make such a great deal of difference.

MR. DION: It only costs \$14 for power and you say \$26 for distribution, that makes \$39, and they are selling it for \$18.75.

MR. BROWN: We made a profit of \$8,000 on it.

THE CHAIRMAN: Do you expect the time to come when there won't be sufficient power to go around?

MR. BROWN: There is plenty of power in the country to develop, there is not going to be enough to heat all the houses, all the power in Canada would not suffice for that.

Q. What about stoves? A. There may be enough for cooking, we have a number of water powers undeveloped.

MR. ELLIS: Unless they are on diversity load.

MR. DION: I think the Hydro Commission of Ottawa realise that there is a serious situation because they have been shutting down on heating. They have been trying to turn the people down for heating the same as we have been.

COMMISSIONER HARRIS: Looking over the accounts of the Hydro Commission for 1920 and 1921, I find that in 1920 the consumption in Ottawa was 5,959,000 and in 1921 that was 8,056,000, or an increase of 33%? A. That is a





large increase.

Q. The increase in consumers has only been 5%? A. That shows clearly the effect of this system of charging a low rate.

Q. The increase has been by stoves and irons and heaters?

MR. ELLIS: There is no doubt about that.

COMMISSIONER HARRIS: Or in unprofitable power?

MR. ELLIS: It turned our profit from \$15,000 to \$48,000.

COMMISSIONER R.A. ROSS: You are selling your birth right just now and you cannot get it back, we have an example of that right in the Chippawa plant. The way it strikes me, is this: They get an increase of about 110 h.p., where did it come from? Not from the increased loads for power and not from the increased loads for lighting<sup>but</sup> from this stove business. It looks as though Chippawa is going to be exhausted in about four years. How are they going to cope in water and capital with the demands of the kitchen and the utensils.

MR. DION: You are in the position of a man who has inherited \$50,000 and he thinks it is going to last forever and he blows it in, in two or three years.

MR. ELLIS: The capital we have invested in street lighting is \$160,794, that is for the year 1921.

MR. DION: Your report here says street lighting equipment about \$90,000, street lighting regular \$60,963, and street lighting ornamental \$29,175, making a total of approximately \$90,000.

MR. ELLIS: The statement I am now reading from was prepared by Hydro, and in this statement we have sub -



station equipment, and that substation equipment we took in with the street lighting equipment, and that comes to \$81,732, so that our total investment in the street lighting is \$160,794.00, and Mr. Dion has not allowed fixed charges on that amount, I do not suppose he knew of it.

COMMISSIONER R.A. ROSS: That is regulators that are used exclusively for street lighting.

MR. ELLIS: And in addition to that he has not made any allowance for depreciation.

MR. DION: I do not know what your costs are any more than is shown by your report, so I confine myself to saying that you cannot afford to sell power at \$18.75 and less.

MR. ELLIS: How do you know we are doing that without investigating it? We make an allowance for depreciation of \$6,122, and fixed charges amount to \$5,911, both these sums must be added. I have a statement prepared of the entire taxes which the Ottawa Electric Company pays and we have eliminated your power plant.

MR. DION: Well, you can eliminate the power plant but that does not do any good.

MR. ELLIS: I know it does not do any good but if we want to get a comparison we must compare both plants.

MR. DION: Am I correct in this: the taxes which were applied to your office and then part of lot 29 and the building which you have on Government property and therefore you are not assessed?

MR. BROWN: We own that lot, we bought it from the Government.

MR. ELLIS: Perhaps we can dispose of this point right now. Their items which compare with ours





would be Nos.1,2,3,and 4, and they give a total of \$18,618.92. If we paid taxes on the amounts for which we are now assessed we would pay in addition to what we are paying \$9,800, and speaking for the Commission we do not care whether we pay taxes or not.

Q. What do you think about it?

MR. ELLIS: You know what the law is, and that is all <sup>I</sup> am going to say about the taxes, and I will put this statement in.

Q. You would not offer any opposition to a change in the law which would put you on the same footing as others in the matter of taxes?

MR. ELLIS: No, and that is all I can say about that.

MR. JEFFERY: I would like to ask Mr. Dion some questions. Mr. Dion and Mr. Henderson have made some very serious charges against the Hydro Commission. They have charged that the Commission has violated the Act in connection with the disregard of the rates charged.

THE CHAIRMAN: That is the half cent rate?

MR. JEFFERY: No, I think, in reference to street lighting and other rates, and I think Mr. Dion should be asked to prove his statement more conclusively than he has, otherwise he should be asked to withdraw the statement, and I am going to explain why. I am not at all surprised that Mr. Dion does not know anything at all about street lighting in Ottawa except what he finds in the annual report. If I were confined to the information in the annual report, and asked to check up the street lighting rates in Ottawa, I would tell you that it could not be done and I am not surprised that Mr. Dion has not been able to do it. I am not



saying that if Mr. Dion had all the figures and information that Hydro Commission has that he could not do it because I believe he could quite well; but he has not got these figures, and he can not be expected, without these figures, to be able to check up these rates and know what they are charging.

Q. Have you checked them? A. I have, the Power Commission Act states definitely that power must be supplied for municipal services, street lighting, and municipally owned street railways or waterworks, or any other purpose, at cost. In order to arrive at cost it is necessary for the Commission to analyse the operating cost of each particular system. We have done that in the case of Ottawa back as far as 1915. In order to make that analysis we have to have a great deal more information than is available to Mr. Dion in the annual statement, and it would be impossible for us to put in the annual statement sufficient information for Mr. Dion or anybody else to base rates on. It cannot be done. The volume would be so big that it would be simply impracticable.

Q, Where do you get your information? A. We get most of it from the Ottawa system. We co-operate with the manager of the Ottawa system and get from him such data and figures as we may require in order to make that analysis, so as to determine whether each particular branch of the system, that is lighting power, street lighting, and water works and any other municipal branch to which power is supplied, and based on these figures we have, from year to year, determined the actual cost of street lighting. I have here our record of the street lighting cost in Ottawa running





back to 1915 and our records show that not only has the street lighting been supplied, not at a big profit, as Mr. Dion and Mr. Henderson have said, but it has been supplied at a loss. You might, perhaps, say that we have not been following the Act, and that we have not raised the rate. We have raised the rate each year. The tax rate is struck and you cannot go back on that particular year and ask for more taxes or more money to pay a higher street lighting rate, all we can do is increase the street lighting the next year, and that is what has been done in Ottawa. We keep the cost of the regular and ornamental street lighting separate, and in 1915 there was a loss of \$5,470.56 on regular street lighting and a profit of \$5,736.75 on the ornamental.

Q. What is this ornamental lighting? A. That is the White Way, or cluster of lights put up on the street. We keep these separate and our rates are made on a different basis. In 1916 there was a loss of \$1,140.15 on the regular street lighting, and a profit of \$4,169.38 on the ornamental. In 1917 there was a loss of \$1,088.36 on the regular lighting, and a profit of \$1,131.53 on the ornamental lighting. In 1918 there was a loss of \$11,592.16 on the regular lighting and a profit of \$2,587.68 on the ornamental lighting. In 1919 there was a loss of \$4,718.70 upon the regular lighting and a profit of \$1,145.95 on the ornamental. In 1920 there was a loss of \$3,336.88 on the regular lighting and a loss of \$4,022.05 on the ornamental. In 1921 there was a loss of \$1,168.30 on the regular lighting and a loss of \$4,206.81 on the ornamental.

MR. HENDERSON: Have you worked that out yourself or are you simply speaking from the records?



MR. JEFFERY: My own staff has worked that out.

Q2 Can you explain why there should be a loss at those prices?

A. Yes, sir; I have them here and I can supply them to you and your engineer can check them over, and I will be glad to go into it with him and explain our method of arriving at the figures.

COMMISSIONER HARRIS: What was the City of Ottawa cost of lighting in 1921? A. The total is given in the annual report in another sheet, if you will look at page 424 you will find the total revenue and you will find for 1920 and 1921 the total cost of street lighting for regular and ornamental was \$61,894.15. The actual cost is not in there, that is the revenue, \$11,680.30 for regular, and \$4,268.41 for ornamental. Add those two figures and you have the cost.

MR. HENDERSON: Has there been any audit to show whether any items in that account has been charged to some other account?

THE CHAIRMAN: That would not be a matter of audit.

MR. JEFFERY: Mr. McCollum can explain that.

MR. HENDERSON: We cannot understand how it can be at the prices charged.

MR. ELLIS: We have copies of these statements here. We are a municipal undertaking carrying on business. This company are out to get as much business as they can from us. Is it fair, under these conditions, to hand our information to them?

THE CHAIRMAN: You are a public corporation.

MR. ELLIS: Yes, I know we are.



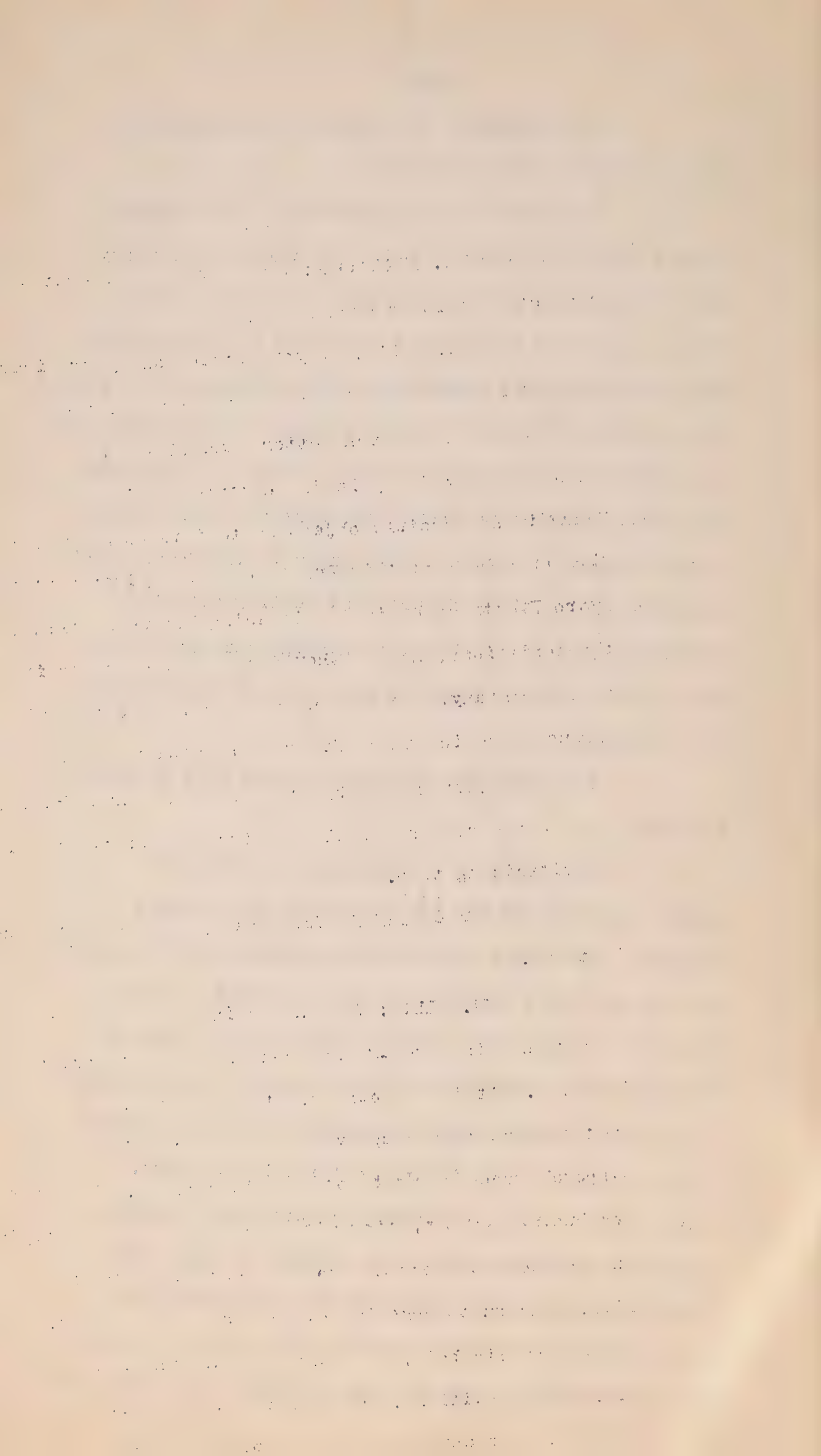


MR. HENDERSON: Why should a corporation be conducted behind closed doors?

MR. ELLIS: If you produce all your figures perhaps I would be able to point out where the company could do business much better than it is doing, and I think I can do it by having a statement like this filed. There is no possible objection to this Commission or anybody else on behalf of this Province looking into anything the Hydro Electric Commission is doing, but we do think, under the conditions, that we should not hand over our figures to the company. We have no objection to the Commission's engineers seeing these figures and dealing with the information, but we do object to handing our information over to the company simply to give them an opportunity of criticising them.

THE CHAIRMAN: You simply will have to leave it to us.

MR. ELLIS: I am not going to refuse to answer anything; we are not concerned about street lighting. It is our own private customers, and we don't want to give this company all the information at our disposal because that does not look right. Here are two businesses competing with each other, both carrying on the same business and no business man would allow a rival concern to come in and go through his books. Being a public body, of course, we are under somewhat different conditions, and I am willing to give this Commission or anybody connected with the Government permission to go into our business just as much as they please, and we will not put any obstacle in the way, but I



do say it would not be proper to give that information to the Company.

THE CHAIRMAN: We have heard what you say and we will have to consider it.

COMMISSIONER HARRIS: Do you say you have worked out the per capita cost of street lighting?

MR. BROWN: The per capita cost for 1922 was 43 cents.

Q. Does that include ornamental as well?

A. No, we claim ornamental is a commercial rating and including ornamental it comes to between 57 and 58 cents.

COMMISSIONER HARRIS: It is put in here in one item.

MR. ELLIS: Yes, the ornamental is charged on the local improvement plan but in other cities it is just paid for by the City at large.

COMMISSIONER HARRIS: I want to see what your cost per capita is?

MR. ELLIS: Including the <sup>h</sup>White Way it is 57 cents.

MR. JEFFERY: I would like to state that Mr. Dion and Mr. Henderson have made very serious charges against the Commission.

THE CHAIRMAN: That you are charging too much for street lighting?

MR. JEFFERY: Yes, in order to lower the rate for domestic and commercial power and I think they were very definite in their statement. I think your Commission should have your own engineers take it up and if they find their statements are wrong you should ask them to modify their statements. It is a very serious charge and will appear in big headlines in the paper.





MR. HENDERSON: We are not making any serious charge. What we have said is that Mr.Dion and others, expert in this business, have found it impossible to understand and we asked for an explanation, and we ask the Commission to explain it if it can be explained, and then of course the matter withdraws itself.

MR. JEFFERY: We won't quarrel over it but my understanding was that you made a certain statement and that Mr.Dion would have figures to prove it, but Mr.Dion has not done so.

THE CHAIRMAN: We cannot judge until we see whether the statement is proper or not.

MR. JEFFERY: You know that Mr.Dion did not do it then?

MR. DION: With the information available to me and my knowledge of the business I felt perfectly justified in coming to the conclusion that I could make that statement. And I feel I was justified in making the claim.

COMMISSIONER R.A.ROSS: I think Mr.Jeffery's statement was this: that you had not the information to enable you to present this case, and that you or no other man could have presented it, and you had no right to present figures which were not accurate. The figures which you put in do not include fixed charges, and all that sort of thing. You could put in all the figures.

MR. JEFFERY: You are putting in figures that you cannot prove.

THE CHAIRMAN: There is no damage done.

MR. JEFFERY: Yes, there are damages, because we have newspapers here and they will be out tonight with



headlines, I venture to say, that the Ottawa System are boosting up street lighting in order to lower their rates so as to put the private company out of business. If that gets out the damage is done, as regards public utilities in this province; and that is why I am putting in this complaint.

MR. HENDERSON: That damage was done in 1916 when the Auditor at Ottawa made that charge, and again in 1919 when he made that charge. There has never been an opportunity to have that charge investigated until today. When this Commission investigate the charge it will find one way or another and we will gladly accept the findings of the Commission.

MR. JEFFERY: That is not my point, the statement has been made that such and such is the case, and Mr. Dion came here with the proof and I maintain that he has not furnished the proof and the statement should be modified until your Commission has gone into it and decided whether it is right or wrong.

THE CHAIRMAN: You have made your statement and Mr. Ellis took issue with Mr. Dion when he made that statement; now you are giving us the details, so that we can come to a conclusion as to whether or not it is well founded.

MR. ELLIS: This is an old story and we have heard it for years, but I never paid any attention to it.

MR. HENDERSON: It is not desirable that anybody should pay attention to it. We are asking that the light should be let in and it is coming in fast.

MR. JEFFERY: I have held Mr. Dion in high regard for a number of years.

THE CHAIRMAN: Are you shaken in that?





MR. JEFFERY: I am, in respect that Mr.Dion should presume to take these meagre figures in the Annual Report and check up these items.

THE CHAIRMAN: These are all the figures he could get.

MR. JEFFERY: He should not have made the statement.

MR. DION: If we are to be debarred from making any investigation, that is a different thing, but this is the first opportunity that has ever been presented to us of airing any grievance and because we have not got full information I do not think we should be ruled out of Court.

MR. JEFFERY: That is not the point. A definite statement has been made that such and such is the case, not that they think it is the case. A definite statement was made, that is the case, and Mr.Dion has attempted to prove it, and I maintain his statement should be modified and he should say he thinks such and such is the case and he wishes your Commission to make an investigation.

THE CHAIRMAN: I think that is practically as far as he has gone.

MR. JEFFERY: Will you tell the newspapers to say that?

COMMISSIONER HANEY: You are talking to the newspaper, Mr. Jeffery; we are not.

COMMISSIONER HARRIS: We are getting these facts placed before us. I have listened to the other side and now I want to listen to what you have to say. If your statement is correct Ottawa would have exactly the same per capita rate as Hamilton. Is not it all right to make that statement?



MR. JEFFERY: That should be all right.

COMMISSIONER HARRIS: I have figured it out up to the present time but I do not know whether it is right or not.

MR. HENDERSON: That will be a sore touch for the people of Hamilton.

COMMISSIONER HARRIS: Apparently that is the result from that one item.

MR. ELLIS: Permit me to say this. Our statement for last year shows a gross surplus of \$85,733.71. We put \$36,743.43 to depreciation, which left us a surplus of \$48,976.71. How on earth could, we, out of a total revenue from street lighting of \$44,833.90, make all that money?

MR. DION: I have not the statement for 1922.

MR. ELLIS: We have. If every cent of the street lighting was profit it would not account for our surplus, so I do not think I need say any more about street lighting.

COMMISSIONER HARRIS: The Ontario Hydro will be after that.

MR. ELLIS: They won't get it from us.

COMMISSIONER R.A. ROSS: What have the company been making, are they being starved to death?

MR. DION: Pretty near, we only paid a 6% dividend.

Q. How much surplus have they got in addition to that?

MR. HENDERSON: We handed in our statement.

MR. ELLIS: One other word with regard to street lighting. I want your statement for last year to see where these profits came from, whether they came from street lighting or White Way or domestic lighting. I think





that is very important. We are perhaps a little embarrassed by having made as much as we did. In the matter of street lighting you must take into account not only the cost of street lighting but the method of street lighting. I claim we have the best method of street lighting in Ontario. Of course, other cities may say the same thing. We have our own system, and we think it is very efficient. We have in Ottawa a problem that does not arise in any other city except perhaps London, and that is that our residential streets are very heavily tread, and the result is that when we took this business over the lamps were on street corners and nobody could see them until they got a very short distance from them. We scrapped all those lights, and we scrapped a second lot, and that was one reason for the additional charges. We now have all our lamps strung in the middle of the street. We have put on extra poles at every street corner, so that we have four poles at each corner, and we have wires across and our lamps are hung exactly in the centre of the intersection of the street. That is done at every corner, and that in itself costs money. Further than that it is a little more expensive to maintain because these wires sometimes break. You can compare it with other cities, even at the price we are charging, but in order to make a fair comparison, some attention must be paid to the method. It would be all very well to say that one place that had practically no lighting at all was the best method and you might mention the cost per capita and the cost might be down to ten cents but that is not the proper method. You must take into account the system and I would be very glad to have Mr. Ross come to Ottawa and look over our system and then tell you how it compares with other places, or we



would be pleased to have any other engineer you may select, we think we have a very fine system.

- THE CHAIRMAN: You heard what was said about the demand charge. Do you think that should be increased when you get down to the half cent rate?

MR. ELLIS: No, I do not think it should be increased. I have nothing further to say with regard to street lighting and taxes. With regard to the half cent rate, there is a very difficult problem that we have got to deal with, it is entirely different from any other municipality and that is the cooking by electricity and the half cent rate is what encourages it, there is no doubt about that. With regard to the power, let me say that the half cent rate has been bound up with this question of the supply of power, and I do not know of any place in Canada that is more favorably situated in regard, not only to the present supply of power but a future supply of power than the City of Ottawa. There are power sites on the Ottawa River and the Gatineau, within a very reasonable distance of the city. There are a great many undeveloped powers. I think Mr. Ross's firm made a report about twenty years ago on the Ottawa power. Chats Falls is only 26 miles from Ottawa and it will develop 120,000 H.P. At Calumet they can develop 60,000 and there is another power on the Calumet where 60,000 can be developed, and then on the Gatineau, a short distance from Ottawa, 50,000 or 60,000 H.P. can be developed. On the Beaver River 60,000 H.P. can be developed. In addition to all that there are several other water powers on the Ottawa River, none of them more than 100 miles from the City of Ottawa. The City of Ottawa is not like Toronto, I do not expect it





ever will be, Ottawa is not an industrial centre, her industries are very small. Ottawa is a governmental City, it is a residential city and we have got to cater to the class of people that are there, and not to the class of people who may be there or are somewhere else. The Civil Servants compose 35% or 40% of the population of Ottawa, and when you take into account the number of tradesmen that are required to serve these people you will see that the industrial part of Ottawa is very small. The growth of the city of Ottawa has been very steady. <sup>When</sup> I went to Ottawa 35 years ago, it had a population of 60,000 and today the population is only 110,000 people. I do not think Ottawa ever grows more than 1,000 or 2,000 a year. It is quite a steady growth. In regard to the prospective population of Ottawa and the power situation for a very long time to come, there is any quantity of water power available, there is no doubt in the world about that.

THE CHAIRMAN: It will not necessarily all be used in Ottawa.

MR. ELLIS: Not necessarily used in Ottawa. We won't need it all or anything like it.

COMMISSIONER HARRIS: Is that power all on the boundary line between the provinces of Ontario and Quebec?

MR. ELLIS: Not necessarily, some of it is in the Province of Quebec. It has been said that this Power Company have contracts. They know their business. They are not being called upon at the present time to supply these contracts, they may be called on at some time or other and today they are undertaking the development at Calumet, 60 miles away, of 60,000 H.P. to supply these



contracts that they have made, and to supply the Ottawa market. I do not expect they will charge us \$14 for power that they have to transmit 60 miles. I expect they will charge more, but that is not a serious matter if we do have to pay a little more for horsepower. It may reduce the surplus we have got but it will not take it away altogether, it could not. In addition to that I am assured, by the Ontario Power Commission that if Ottawa wants more power we will get it. I am not saying where we will get it from but I know the Ontario Hydro Electric Power Commission have expropriated Chats Falls. The title of that site has gone into the Commission. It has never been paid for but the site has been expropriated. That will develop 120,000 H.P. and that is all Ottawa will need for a very long term of years. As the Chairman stated, there were other places to be considered besides Ottawa. Eastern Ontario has to be considered. We do not want to say that all that power should come to us, we quite understand that other municipalities have the same right to be considered. There is no doubt we will get the power but I anticipate we will have to pay a little more for it. That is all I want to say with regard to the power situation of Ottawa.

There is something else that in my opinion is really the essence of this application that has not been mentioned yet. Don't forget that we have two companies at Ottawa, there is the Ottawa Gas Company and the Ottawa Electric Light Company and the shares of these two companies are held by one holding company and the annual statements put out are not the annual statement of the Ottawa Electric Company but of the holding company. The gas question is a serious one in Ottawa, and let me say we have got to deal





with it. Now in regard to the rates charged for domestic lighting, there is no place in Ontario getting power for \$13 except Ottawa and that is why we should have a lower rate, but it does not follow that we should have the same rate as other places.

COMMISSIONER HARRIS: Did you ever hear of Fenelon Falls? They have a \$10 rate there.

MR. ELLIS: That is a small place. In Ottawa we have a very favorable contract and I doubt very much if it is a contract that we could get today. Let me present our statement of last year. It shows a revenue from electric light and power only of \$373,615.68 that is the total revenue. It shows a gross surplus of \$85,722.71 after deducting depreciation of \$36,742, and after allowing \$34,981 for maintenance and after allowing for sinking fund \$14,621.44, we find ourselves with a good surplus of \$48,979.71. Now, gentlemen, how does anybody think that the Ottawa Hydro Electric Power Commission could have the nerve to go back to the people and say we are going to increase the rates.

THE CHAIRMAN: Haven't you been ordered to?

MR. ELLIS: They have told us not to charge the half-cent rate. If we took that half cent rate off we would have to reduce something else and we would have to reduce pretty largely. The profit comes absolutely and entirely from domestic lighting and commercial.

COMMISSIONER HANNEY: What will you do with this money?

MR. ELLIS: We will put it into our plant, and let me tell you these people of Ottawa have nothing to complain about in connection with the plant. I do not want to say anything about it because I have been connected with it since it began operation 17 years ago. I have been



Chairman of the Commission for six years and I was General Manager of it for six years and in one capacity or another I have been connected with it from the beginning. I have here a statement of our assets and liabilities. The total assets are \$1,952,111.30, the total liabilities are \$1,074,159.01, or a surplus of assets over liabilities of \$850,000. How have we done that if we are such poor business managers and don't know how to run our business?

COMMISSIONER R.A.ROSS: With regard to that half cent rate.

COMMISSIONER ELLIS: I am going to deal fully with that. Let me tell you how we have run this plant. I have had something to do with city affairs, and I have been connected with it for some years, and will tell you what has been done, and this will give you our idea of how things should be run. We have a General Manager, and we pay him a decent salary, and he is worth every cent he gets, and we let him run the plant. There is no Aldermanic interference, no interference by the Council and no interference by anybody and never has been, and never will be. He engages his men and he dismisses them, or suspends them, as he sees fit. He fixes their salaries and we let him run that plant just as if he owned it.

COMMISSIONER HANLEY: Is he here?

MR. ELLIS: Yes, and he is a very good man.

COMMISSIONER HARRIS: Does he fix his own salary?

MR. ELLIS: No, we fix that, he is getting \$5,700 now and will get \$6,000 shortly. On account of some very good work he did last year we gave him a bonus of \$500.

Q. You are not expecting us to make any recommendation on that? A. No, except if you want to have this plant run





properly you have to have a manager and let him run it. That is the only recommendation I can make, to let him run it and not interfere with him.

THE CHAIRMAN: And get a Chairman who will let him run it.

MR. ELLIS: I have never allowed anybody to interfere with our Manager.

COMMISSIONER HANLY: Have you an Hydro Office in Ottawa?

MR. ELLIS: Yes, but we have done very little business.

Q. What have you done with this \$800,000? A. It is in the plant, it has been re-invested. Outside the sinking fund we have no securities. The sinking fund is nearly all invested in Victory Bonds \$257,737.79. The balance is reinvested in the plant. Our debenture indebtedness is \$980,000. I have always had the fear, even before beginning this plant, - take our statement for example; it shows since we began to do business that our cost for power is about one-third, our cost for maintenance and operation is also about one-third and our overhead expenditure is the other one-third, depreciation, interest and sinking fund. We have found that as you start with a business of say \$200,000 and you just make ends meet, that is one situation, but when you get a business of \$500,000 you will find yourself with \$50,000 profit, because the only extra charges you have are your extra costs for power and a little additional for management and fixed charges. Maintenance, operation and fixed charges don't begin to increase in the same ratio as the revenue.

THE CHAIRMAN: The same as putting in another generator at Chippawa?



MR. ELLIS: Yes, we have everything there. We have this situation at Ottawa and we deliberately adopted a certain policy, whether it is good or bad, or whether or not it should be continued, or it should not be continued, we have done it absolutely deliberately. We have this situation. We have gas and electric light and we have a complaint against the Gas Company. I do not suppose you will hear that complaint. The complaint is that they charge too much for gas and they discriminate as against Hydro customers in their gas bills; in other words, a customer who will take electric current from the Company gets his gas 5% cheaper than if he takes his electric current from us. They have come here complaining to you and I have a perfect right to complain that they are adopting this discrimination.

Q. What is the gas used for? A. Nothing but cooking. They may do a little lighting, but I do not suppose you could find one house lit with gas, it is absolutely all cooking and a little heating.

MR. HENDERSON: Quite a little industrial?

COMMISSIONER R.A. ROSS: It has been occurring to me that you are off-setting their dual service by giving that half cent rate.

MR. ELLIS: Yes, that is what I was going to say. I was coming to that. The charge for gas in Ottawa is \$1.60 per thousand cubic feet, with a service charge of 18 cents per month and 10 % off for prompt payment. They have a special rate for the dual service of \$1.53 per 1,000 feet and a service charge of 18 cents per month. In the City of London they charge \$1.15 for gas and in the City of Hamilton \$1.25 and in the City of Toronto they charge \$1.00 and they





have a service charge. We have a very high rate for gas. The last time I was in the City Council the question came up of establishing a municipal gas plant and I opposed it on the ground that we did not want to duplicate the gas plant in the City of Ottawa merely on account of rates and that we could meet that condition quite effectively through electric cooking.

COMMISSIONER HANEY: At the half cent rate?

MR. ELLIS: We didn't have the half cent rate then, it took time to get down to it, but we did. I am explaining what our reasons are. It is the only possible way we have of keeping the gas rate down. There is a quantity of electric cooking done in Ottawa today, there is no doubt about that. Look at this account. Here is electric light 86 cents and a gas bill \$2.90, and that is about the way they run.

MR. HENDERSON: He used gas?

MR. ELLIS: Yes, he uses gas and you will find that all over Ottawa. The electric light bills for house lighting where there is no stove averages not more than \$1.50 a month, but the gas bill runs up to \$3 or \$4 a month. If the Company will reduce their gas rate -

MR. HENDERSON: Why are you interested in gas.

MR. ELLIS: I am not interested in it myself, but I am interested in the people. I do not use gas. I would like to leave with you The Financial Post of last Saturday and it shows that the Ottawa Power Company made nine per cent. on its stock last year and I will file that with you.

MR. HENDERSON: That is an unusual thing to file.



MR. ELLIS: If the Commission think it is not of any value they can throw it out. We began to do business in 1905. I had something to do with this long before 1905. Going back to ancient history, there were three companies that were amalgamated into one. The City of Ottawa, rightly or wrongly, have always thought there should be competition, I am not saying they are right or they are wrong, but for that reason charter after charter was issued, but there were three companies in the old days, and they were all finally amalgamated into the present Electric Light Company and the City at once proceeded to grant a new charter to the Metropolitan but that Company never went into business, and then they granted a new charter to the Consumers Company, and there was competition among those companies that was simply abominable. They did not compete about householders, but before we bought out the Consumers Company if a man would walk in there who had a large store or considerable power, he would ask "What do you want for my business" and if they said \$ 300 he would run back to the other Company and say, "I can get it from the Ottawa for \$500" and the Consumers would give it to him for \$200, and then he would go back to the Ottawa Company and say, "I can get it for \$200, will you give it to me for \$100?"

MR. HENDERSON: We never cut the rates once.

MR. ELLIS: There was nothing but cutting the rates, I found that from going over the Consumer's books.

MR. HENDERSON: I said this morning the Consumers Company cut rates right and left, but we did not.

MR. ELLIS: It was simply abominable. We bought the Consumers plant and began to do business. At that time it was





only a business of \$35,000.

MR. HENDERSON: We not only withdrew opposition to your application but we facilitated it on the understanding that Hydro would regulate your prices.

MR. ELLIS: There was no Hydro at the beginning when we bought the Consumers plant, that was in 1905, we were a year ahead of Hydro. What we did was this, I said we are not going to have this discrimination with different individuals, we will make rates for everybody alike, and we made them for everybody alike, and we did not discriminate between the people as the Consumers people had done, with the result that we got the business on a proper basis, and we have gone on in that way ever since. If the Ottawa Company has any complaint about our rates today it is their own fault. They can make their own rates. We don't care whether they charge this half cent rate or not, they are not forced to follow us. One of the things we did in the early days, and I make no bones about it, we made an agreement with the Ottawa Electric Company for the use of our poles and we could use their poles and that has been going on for seven-teen years.

MR. HENDERSON: At the corners of the streets you use our poles.

MR. ELLIS: Yes, and they charge us \$1 a year rental and we charge them the same. Another thing we did that required a little more courage and that is we made a list of the dead beat customers, and if one of them left the Ottawa Company we would not take him. We found in the early days that a number of gentlemen were very active running from



one concern to another, and leaving a bill behind in each case. That was a good arrangement and has worked out not too badly, and our relations with the Ottawa Company have been very cordial. We have not treated them badly. We have some consideration for companies doing business in our city. I do not believe in the principle, and we have never tried to put this company out of business; that has never been our intention. Their business has prospered just as well as ours. They were paying a very small dividend prior to our going into business, and since then they have paid 6, 7 and 8%. I do not think there has been a year since the year we went into business that they haven't paid a dividend. Before we went into business their stock was a drug on the market at between 40 and 50 cents, and today it is at 92. We are not doing so badly at the half cent rate. If we took off that half cent rate and put it on our revenue we would not know what to do with our surplus, we would be so embarrassed. The only alternative would be to reduce our other domestic rate.

COMMISSIONER HARRIS: You could put up some nice buildings? A. No, we have our own building now and it is quite good enough for our purposes. We do not want another one. Cash speaks; we find in our bank certain sums of money and we find this profit and we are not troubled about profits. If we have to take the half cent rate off I do not see anything we can do except reduce our domestic lighting rate, that is about all we can do.

THE CHAIRMAN: Or increase your Manager's salary?

MR. ELLIS: The Ottawa Company have not disagreed





with us altogether and on the whole they have not been doing business in such a terrible way as has been said here today, in fact when they issued bonds in 1912 the President of the Company issued a letter stating that there was no other private company doing business in Ottawa and that the City of Ottawa had a municipal plant and since its establishment the profits of the Ottawa Electric Company had increased, that shows they are not altogether dissatisfied with us.

THE CHAIRMAN: You might buy them out?

MR. ELLIS: We would be ready to consider that, we are quite willing to consider that, but our biggest difficulty is in connection with the gas, their rates are too high.

MR. HENDERSON: Do you think it has affected the electric rate?

MR. ELLIS: That is the only way in which we can keep you down, you would be charging more at the present time if it was not for that half cent rate. When there is only one source of supply for the citizens then the Company can get their own price.

COMMISSIONER R.A.ROSS: Why should you buy out the Company on any conditions? Everybody is happy. They are getting their nine per cent. and you are getting your profit. If you made the rate any lower electricity would be wasted.

MR. ELLIS: I do not want to lower the rates.

COMMISSIONER R.A.ROSS: Everybody is happy.

MR. ELLIS: I thought everybody was happy and this is the only thing that has made any doubts about it. The Company say, "You are charging too much for street lighting



and you are making enormous profits" and then they say in the next breath "Take off the half cent rate" so that we can make \$20,000 a year more and so that they can make \$40,000 a year more, and then they say to us, "Change your street lighting and your White Way lights so that you will have a loss and then you will have to jack up your other rates to make up that loss." That is what their case amounts to. They are quite willing that we should do anything that would enable them to change their rates and charge more, and that is their whole case. There is not one thing that they have said that does not lead me to that conclusion. That is what they want, an opportunity to charge higher rates.

COMMISSIONER HANLEY: They want you to pay taxes.

MR. ELLIS: A matter of \$9,000 or \$10,000 does not bother us at all, we can stand that.

THE CHAIRMAN: It would help your difficulty as to your surplus?

MR. ELLIS: It would help a little. We are a municipal electric plant in Ottawa and we have a company competing with us and as far as I am concerned I would just as soon be on absolutely the same footing as the Company.

MAYOR PLANT: The whole City Council agree with that.

MR. ELLIS: If they have to pay we have no objection to paying.

COMMISSIONER HANLEY: Except you won't give them your profits?

MR. ELLIS: We won't give them our profits. We will keep our profits for ourselves. That is about the only thing I do object to giving them. The matter of the





City Treasurer and the Auditor is not worth referring to. I have no objection to paying the Auditor. We pay the City Solicitor \$500 a year and we have no objection to paying the City \$500 a year for the Treasurer and \$500 a year for the Auditor. There would only be a trifle of a thousand dollars a year and that would be neither here nor there and it is not worth talking about. We will pay the money to the City but not the officials because they won't have any more to do than ~~than~~ they are doing now. It is a peculiarity and perhaps I can illustrate what I mean in this way: Perhaps 25 years ago I had a nine or ten roomed house and rates at that time were eight cents per kilowatt with 10% off, I am not saying we have accomplished miracles, but the fact is the rates today are two cents per kilowatt, and there was a small meter charge.

MR. DION: The rates were not changed for many years.

MR. ELLIS: I know but the rates have come down and no matter who is to blame for it, the fact is that the rates have come down from eight cents a kilowatt to two cents and one cent and half a cent.

DR. ROSS: We say the rates you are charging for gas now are ~~surely~~ enough and it is a very vital thing to the people of Ottawa when you consider the conditions; there is not the same conditions in any other City in Ontario.

MR. HENDERSON: There is a demand for gas in Ottawa today which we cannot supply, if you think you can sell gas ~~for~~ less by establishing a municipal gas plant you can go to it.

MR. ELLIS: I don't want to go to it, I fought



against it several years since when I was in the City Council.

MR. HENDERSON: We have reached our limit.

COMMISSIONER HARRIS: What kind of gas do you make?

MR. HENDERSON: A coal gas, we have an auxiliary oil plant but we cannot operate it at a profit, it is like our steam standby in electricity. The price of fuel has been such that we have had to put up the price of gas, we were down to 99¢ two years ago.

MR. ELLIS: Mr. Brown has given me some results taken from the Hydro Electric Power Commission report with regard to the number of kilowatts used and the rates charged, and the only thing that I can make out from it is that we are not charging enough, that seems to be the only solid charge that is against us. Now let me show you how we compare with other cities. If we have to change the rates in Ottawa, then I think some revision will have to be made in the rates in other places, the rate in St. Catharines is 1.4, Welland 1.4, Weston 1.6, Niagara Falls 1.6, Ottawa 1.6, Galt 1.8, Brantford 1.8, London 1.9, Stratford 1.9, these are the amounts actually paid

THE CHAIRMAN: Does that include the floor rate?

MR. ELLIS: Everything. If we do not charge the half cent rate then we are going to be charging more than most of these other cities and I do not see how we can do it in the face of the surplus which we have. I have not the distribution showing where our profits come from. Our business is put into several compartments, domestic lighting, commercial lighting, power, water works power, street lighting and White Way, they are all kept separately.





We do that in order to see how each one of them turns out. Let me read you from the report of 1921; in that year we only had \$15,000 surplus but we had a surplus from domestic lighting of \$26,482.62 and that is where our \$48,000 surplus of last year came from, domestic light and commercial. In power we lost \$5,955 and in water works we lost \$1,610 and \$2,281 from another source and from street lighting we lost \$1,168 and from the White Way we lost \$4,260 and when you take these losses from our surplus from domestic and commercial lighting it still left us a surplus of \$15,000. How are we going to increase or so change our rates that we are going to charge more for the only things from which we are making our money, that is what we are up against in Ottawa and we are afraid to face the people with any such proposition.

THE CHAIRMAN: After hearing your argument the Provincial Commission ordered you to increase that rate.

MR. ELLIS: They did not hear our argument, we never made any argument to them.

COMMISSIONER HANEY: You did not increase the rate?

MR. ELLIS: No.

THE CHAIRMAN: What is the condition of the negotiations between you now?

MR. ELLIS: Could not that matter be left to the Hydro Electric Power Commission of Ontario and ourselves, I think that is the only thing to do.

THE CHAIRMAN: You think you will arrive at a peaceful settlement.

MR. ELLIS: Yes.



THE CHAIRMAN: Why did you request them to increase that rate, Mr. Jeffery?

MR. JEFFERY: Of course, the arguments for increasing that rate are pretty much the same arguments that Mr. Ross has advanced and also that the company has advanced. It seems to be too low a rate to supply power at, that is, you are down below the economic limit, as it were, for current, that is what we thought. Now, it is rather hard to substantiate that argument because they got all their profit from house lighting and you can see their side of it. It was just on general principles that we recommended that the minimum rate be one cent instead of half a cent.

MR. ELLIS: That is what we believe. As a matter of fact, we have had no correspondence with the Hydro on this matter all.

THE CHAIRMAN: Don't they generally confer with you?

MR. ELLIS: No.

MR. JEFFERY: There was no order issued, it was merely a letter, which you read, We believe the half cent rate is conducive to the wasting of energy.

MR. ELLIS: If we ever got down to grips with the Ontario Hydro Power Commission I would present the same argument that I am presenting here today, that that time has never come. We are willing to discuss this matter with the Ontario Power Commission. I grant that they control all our rates, but I say again, Mr. Chairman, that the position the City of Ottawa is in with regard to Hydro electric is entirely different from that of any other





Hydro Electric Municipality in the Province. In the first place our system was established before Hydro came into existence. We are technically under their jurisdiction, but what is the situation? They buy power from the Power Company and by precisely the same contract, exactly in the same terms we buy power from them. It is a different situation for this reason. The Province has no money invested in Ottawa except a thousand dollars for a measuring instrument at the power station and if Hydro wants that thousand dollars they can have a cheque for it tomorrow. We have not pledged the credit of the Province one cent. We have not asked the Province to do anything for us, Surely, Mr. Chairman, we might be trusted to run our own business. If Hydro can show us that we have made a mistake about this half cent rate, -we will assume that they were making a general ruling with regard to everybody, but the exact local situation in Ottawa, with the gas company competing and with what we thought was our duty to have some check upon them and with the fact that we got our power at the price we did get it at, we thought Hydro would consider our point of view and perhaps not make the order, which they have not done yet, with regard to this half cent rate. I may say that the half cent rate was first put into effect five or six years ago, in 1918, with the approval of the Hydro Electric Power Commission. We did not bring it into force ourselves, they brought it into force for us and we did not object to it.

I will put in this annual statement for last year which shows our business. We have today 12,138 customers of which 10,493 are householders. In other words,

100

1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, 26

we have a little over 50% of the total number of houses in Ottawa. You may say how can that be when the company has twice our revenue? But there are only 20,000 houses in Ottawa. We do business ~~exclusively~~ within the limits of the City of Ottawa but the Company do business in Hull and they do business in the Town of Eastwood and they do business in the suburbs of Ottawa, they have 50% larger population than we have that they serve and where we do not compete with them. It is not entirely a case of a company doing business exclusively in the City of Ottawa. We have not gone out of the City and I do not know that we propose to do that at any time. We do not feel that we are under any duty to anybody except the people of Ottawa. There is our statement and that shows what we have done and I also hand you our statements from 1918 until 1921, showing the distribution of our business and the profits we have made from every branch of it and the revenue received from every branch of it and what is charged up ~~of~~ our assets to each branch of the business and the overhead charge against each branch of the business. That contains, in several water-tight compartments, each branch of our business separate from the other. Then I will also put in a copy of our annual statement for last year.

I would like to say in conclusion that so far as there has been any contest between ourselves and the Ontario Hydro Electric Power Commission with regard to that half cent rate, the suggestion was made in that letter that we should increase that rate but that matter <sup>at</sup> has not been dealt with yet and we are/any time prepared





to deal with it and I recognize that the Hydro Electric Power Commission of Ontario have a certain control, if not the entire control, of our rates.

THE CHAIRMAN: Were requests made for changes in the rates recently?

MR. ELLIS: Yes.

Q. What are they? A. Some of them the company would not like.

Q. Is there any reason why you should not tell us what they are? A. One was with regard to reducing the charges for commercial lighting and in rather contradiction to what the Ottawa Company has been arguing, to increase street lighting.

THE CHAIRMAN: To increase the street lighting?

MR. ELLIS: Yes.

COMMISSIONER R.A.ROSS: Reading between the lines, it seems to me that the municipality and the company are in the same boat, you are suffering from the embarrassment of richness, you don't know how to conceal your profits, a company always knows how to do that.

MR. ELLIS: All I have to say in conclusion is that we do not want to interfere with this company, we have never tried to interfere and as long as I have anything to do with it, we are not going to interfere, but we want to run our own business in our own way and we will allow them to run their business in their way and if they will do that there will be no complaint. With regard to commercial lighting, we have only about 20% of the commercial business in the City of Ottawa and the company has about 80% of it. I am not going into the



reason why that is the condition of affairs, but anybody who understands the situation will understand why any reduction in commercial rates is not going to hurt us at all. Our first duty is to the people of Ottawa and having fulfilled our full duty to the people of Ottawa we are not going to make any efforts to interfere with this company and especially to attempt to do something that will eventually put them out of business, which they seem to propose, as appears from the letter they wrote to you. If we have been seventeens years putting them out of business and have not got any further than making them double their revenue and their business, then we are not making much progress.

COMMISSIONER R.A.ROSS: The question we have been discussing here today is whete are you going to get power in the future?

MR. HENDERSON: That is it, and the economic waste.

MR. ELLIS: I largely agree with you on that but there cannot be any doubt about it, that we have plenty of power and I understand the Ottawa Power Company are just now making contracts for the development of power.

MR. HENDERSON: What can they sell that power at?

MR. ELLIS: \$20 a h.p.

MR. HENDERSON: If we could guarantee \$20 we could get lots of power developed. The C.P.R. will develop their power and the Riordon people will develop their power and others will develop and then the Hydro can develop at Chats Falls. As the sitgation is today in Ottawa, how are we going to get people to come in?





MR. ELLIS: There is no use discussing today something that may happen in the future that has not happened yet, and there is no use increasing our rates when we are making profits. We won't take that position.

COMMISSIONER R.A.ROSS: What is going to happen is this: the whole of the northern part of Ontario has got to be supplied from the Ottawa River, if you started developing the St. Lawrence River today you would not have power in ten years and they have got to draw on the Ottawa power. Hydro will probably build plants there. I suppose you would not mind whether<sup>er</sup> you bought the power from Hydro or a private company, provided~~y~~ you got it?

MR. HENDERSON: We will welcome any development.

COMMISSIONER R.A.ROSS: The system would seem to be best handled by Hydro because they will have a market beyond Ottawa. Now, if the Hydro develop they can supply the City of Ottawa and your company as well.

MR. ELLIS: I quite agree with everything you say.

MR. HENDERSON: I opened with that difficulty, we are looking to the future. We are not worrying ~~over~~ this year's situation, what we are worrying about is the years to come. The shortage of power in Ottawa has been peculiarly emphasized this winter by the fact that we have had to operate our steam plant to its full capacity to keep the lights going.

MR. ELLIS: We know the situation.

MR. HENDERSON: Then the discussion today will have served its purpose if that fact is emphasized.



Four or five years ago our gas rate was 99¢ and the increase has been due to the increase in the cost of coal, we had to scrap our old gas plant which was situated down in the lower town. We built a new gas plant ten or eleven years ago, and our rates barely give a living return. We have today a gas plant in Ottawa which will compare with any gas plant anywhere and as to our prices, Montreal is a very large constituency and Toronto uses considerable gas. In the City of London they are lower than us but there is not one other gas plant in Canada today below us in the price that we are charging. St. Thomas recently erected an artificial gas plant and refused to approve of natural gas at \$1 and they are paying \$1.80 for artificial gas with their eyes wide open.

Q. Are you supplying gas to be used in an open burner or heating gas? A. It is practically altogether cooking and heating and with quite a very substantial number of small industries that use gas for illuminating purposes. The supply is normal.

COMMISSIONER R.A. ROSS: I wonder whether the gas plant is not coming back again?

MR. HENDERSON: We think gas has its use in a community distinct from electricity and that is one reason why we are trying to keep gas for one purpose and electricity to its legitimate purpose. We are trying to keep away from this half cent rate, it has nothing to do with the price of gas.

THE CHAIRMAN: What is your rate for gas now?

A. \$1.60, subject to a discount.





COMMISSIONER R.A.ROSS: If they take off that half cent rate they will have to reduce their other rates, they are chasing the devil around a stump, if it was a company they would know what to do with their surplus but they have to sell at cost.

MR. HENDERSON: They are getting their power from the company at a very cheap rate, if they put on an Auditor and pay their taxes the situation will right itself, I am perfectly satisfied with the results today.

COMMISSIONER HANEY: Has any attempt ever been made to develop Chats Falls? A. Not at all.

MR. ELLIS: I have discussed that for years, the Hydro are looking to the Development of Chats Falls, as I understand.

COMMISSIONER R.A.ROSS: They have not sold for the ownership.

MR. ELLIS: No, but they own the property because they served notice of expropriation.

COMMISSIONER HANEY: Have you any estimates of what power would cost from Chats Falls? A. The estimate we had some years ago was \$12 or \$13, I am sure it would be more today, but it would be less than \$18.

MR. DION: The Development that the Ottawa and Hull Power Company contemplate will be more economical than Chats Falls, it is a higher head with the same volume of water.

DR. ROSS: They have actually started that development, they are purchasing their machinery now.

COMMISSIONER ELLIS: We anticipate we will have to pay \$18 to \$20 per h.p.



MR. HENDERSON: Within the last six weeks or less Mr. Dion has given a letter to parties urging development and undertaking to recommend to his Board the purchase of a supply of power at the price of \$20 and these people have got offers from others in Ottawa. We are doing everything in our power to encourage the development of water power but the price has to be \$20. I do not think you will find anybody willing to develop unless they can get \$20 per h.p.

Q. Do you think you cannot supply electricity at the present rate if you have to pay \$20 for your power?

MR. HENDERSON: We are going to be in trouble about that but we will have to supply power.

MR. ELLIS: It may or may not be so, but if it is so we will have to revise our rates, there cannot be any doubt about that but why should we revise our rates for something that is in the dim distance, if we ever get there then we will revise the rates.

MR. HENDERSON: It is not in the dim distance future, it is with us today, we are short of power in Ottawa today; you are short of power and we are short of power and there are people looking for power that we cannot supply their demands, we cannot even supply the demands for domestic purposes in Ottawa, we cannot extend our lines as we would like to within the City limits of Ottawa.

MR. BROWN: We are spending a quarter of a million dollars.

MR. HENDERSON: So are we.

MR. BROWN: Anyone who asks for power we will





give it to them.

MR. DION: You are more reckless than we are.

MR. BROWN: I asked Mr. Blackburn if there was any likelihood of their being short of power and he said no, he has his contracts in such shape that he can cut them off and give us the power.

COMMISSIONER R.A. ROSS: You have got to get power and that is the big question.

MR. ELLIS: I do not feel that Ottawa Electric Power Commission should be asked to take the responsibility of preventing the people using power on account of some supposed shortage that may exist or may not exist in the dim future. We are not going to make the rates so as to discourage the people from using electric current in the face of our financial statement.

MR. HENDERSON: You should look to the interest of Ottawa just as much as we should.

MR. ELLIS: I have no particular desire to remain on the Ottawa Hydro Electric Commission but the people have insisted on putting me back every year but I am quite sure that if I adopted what has been suggested here today I would have to get off quick, I would not stay for a minute longer and you would not be any better off, that is exactly what would happen. We have not done very bad. This is the history of our plant for the last 17 years, we have gone up from \$35,000 to \$375,000 revenue per year, we have a surplus of assets in our plant over liabilities of \$850,000 and it has been done on a comparatively small capitalization and the people of Ottawa have nothing to be dissatisfied about. Perhaps



we have not done everything we should have done and perhaps we are going to make mistakes in the future but I would ask you if you do not think the Ottawa Hydro Electric Power Commission can be trusted for a year or two longer.

THE CHAIRMAN: Are there any other requisitions made on you by the Ontario Power Commission, other than those you have mentioned?

MR. ELLIS: No.

Q. You have the correspondence that you have had with the Ottawa Electric Power Commission?

MR. JEFFERY: Yes.

Q. Is there anything else that you have requested them to do? A. No, just a revision of the rates and that half cent rate.

Q. Were they both made at the same time? A. No.

MAYOR PLANT: This question of the half cent rate has taken a great deal of the discussion today and I want to say that if the voice of the people can be secured through the Council as it was done in Ottawa last year when one Alderment put in a motion that we should recommend to the Commission that they eliminate that half cent rate, and I want to say there was a rough passage in Council and the seconder of the motion withdrew. It was pointed out in Council, ~~as~~ it has been point<sup>ed</sup> out today, that with the Commission showing a surplus we could not ask them to eliminate the half cent rate.

MR. HENDERSON: Mr. Ellis asked that private affairs be kept private and we have no desire to look into them and we are perfectly willing to leave the matter with the Commission. If the Commission desires us





to check anything we would be glad to do it. We have no desire to learn their secrets at all, and we are quite content to run our own business but we would like to see their books properly audited.

THE CHAIRMAN: We shall go over the matter thoroughly.

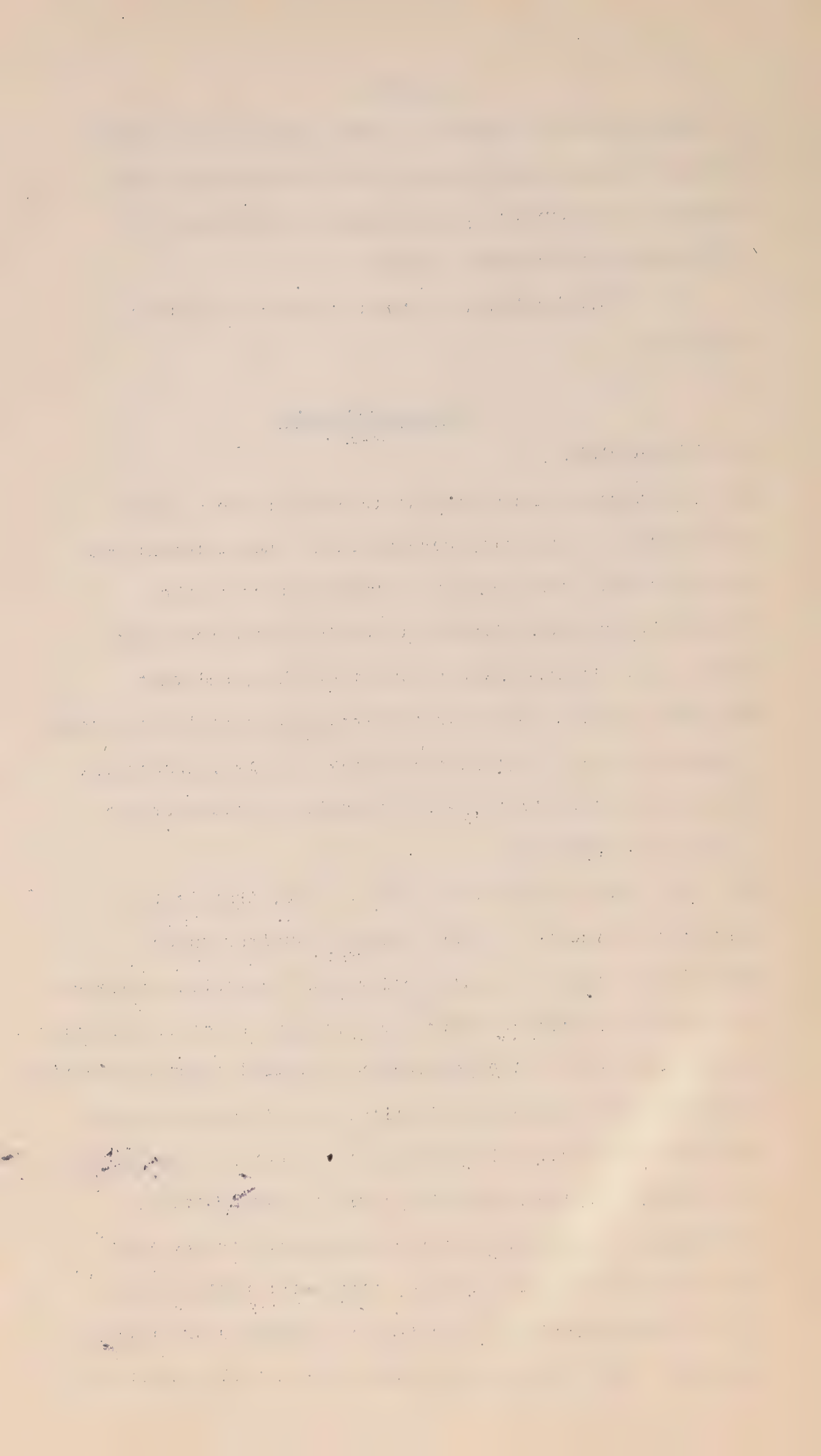
MR. R. C. McCOLLUM.

TO THE CHAIRMAN:

Q. The question has arisen as to whether the accounts of the Ottawa Commission were audited, the statement was made that they were audited by the Auditors of the Ontario Power Commission and it would appear from what others said that you made no audit of them, and that what you had to do with was the arrangement of the accounts;

perhaps you can tell us the facts? A. As I understand we have no authority to audit accounts of Ottawa or any other municipalities.

Q. You do not pretend to do so? A. No, that is the statutory obligation of the Municipal Auditor under Section 39. Based on that section the Commission published a system of uniform account<sup>ing</sup> for municipal electric utilities and the Auditors of the Commission installed this bookkeeping system in every Hydro Municipality, that is done in order that there may be a uniformity in the keeping of the accounts. the Auditors of the Commission visit the municipality periodically and check over the bookkeeping to see that the system is being adhered to, they refer particularly to the classification to see that the expenses are properly allocated, that maintenance charges are not classed in as



capital and that capital is not improbably classed as maintenance, in order that the report may truly show the relation of the revenue to the expenditure and form a basis on which rate adjustments shall be made each year, in accordance with the provisions of the Act. That is as far as the auditing of the municipal systems goes. In a good many small places, as a matter of convenience, our men actually do most of the general bookkeeping because the men in these places are not bookkeepers, but in the case of Ottawa, Toronto, Hamilton and London they have their own accountants and they work according to the classification and we check them up in so far as the allocation of the proper charges for renewals and depreciation, but we do not usurp the functions of the Municipal Auditor. We have written a large number of letters to Mr. Sharp calling his attention to cases where the Municipal Auditor has not been functioning.

Q. Who is Mr. Sharp? A. The Provincial Municipal Auditor. the Acts states it shall be the duty of the Auditors of the Corporation to audit the books. The Department of Municipal Affairs sends out each year a circular letter of instructions to the Municipal Auditor. I have not seen one of these letters for the last couple of years.

COMMISSIONER R.A. ROSS: As an invoice comes in you mark the distribution on the back of it and send it to the City Treasurer and the cheque is issued by him?

MAYOR PLANT: It is sent to the City Auditor.

COMMISSIONER R.A. ROSS: And the cheque is issued by him. What I want to get at is as to how you handle the revenue?





MAYOR PLANT: It goes into the bank in an Hydro account in Ottawa and a copy of the deposit is sent to the City Treasurer and he checks it up.

Q. Does he check the bills rendered to your customers? A.No.

MR. ELLIS: With regard to that we have a special man whose business it is to do nothing else but check up these accounts, that man in under our direction.

Q. So that the Treasurer has no responsibility with regard to receipts? A. No.

THE CHAIRMAN: Should not there be an independent audit of these receipts?

MR. ELLIS: We have no objection.

COMMISSIONER R.A.ROSS: Do you check vouchers for materials that are purchases?

MR. MCCOLLUM: Yes, and we see that they are all properly classified.

Q. Do you check over the receipts? A. No, but we check in a general way the method in which the bills are made out to see that they are made in accordance with the authorized rate but we do not usurp the functions of the Auditor.

Q. Apparently these accounts do not go to the City Auditor?

A. It is the Auditor's business, they should go to him.

Q. All he knows is that there is so much cash in the bank to his credit? A. The instructions of the Municipal Auditor is that he must trace the revenue to its source.

Q. Does he do that? A. No, he does not.

Q. Do these instructions include the municipal Auditor of Ottawa? A. Yes.

Q. Then the Municipal Auditor says he does not audit these

1. The first part of the paper is devoted to a general

discussion of the problem and its importance.

2. The second part is devoted to a detailed

analysis of the various factors involved in the

problem.

3. The third part is devoted to a discussion of the

various methods of solving the problem.

4. The fourth part is devoted to a discussion of the

various results obtained by the various methods.

5. The fifth part is devoted to a discussion of the

various conclusions drawn from the results.

6. The sixth part is devoted to a discussion of the

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conclusions drawn from the results.

7. The seventh part is devoted to a discussion of the

various results obtained by the various methods.

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various results obtained by the various methods.

13. The thirteenth part is devoted to a discussion of the

various results obtained by the various methods.

14. The fourteenth part is devoted to a discussion of the

accounts?

DR. ROSS: I remember that that statement was made very well, but he has received instructions to audit them.

Q. He may have been doing it since 1918?

MR. HENDERSON: I do not know what they call Mr. Pennock but I want to say he is a gentleman whose integrity is absolutely beyond question, but nevertheless the accounts are not audited.

MR. BROWN: We have a man appointed whose duties it is to go over these accounts and see that they are properly made out.

Q. He is a billing clerk? A. No, He is listed in our books as a Meter Accountant.

Q. In other words he is an auditor. Why don't you classify him as an Auditor?

MR. BROWN: It would only be changing the name, when a customer comes in with a bill he goes to the cashier and he stamps it paid and he keeps the stub and they are all checked up.

COMMISSIONER R.A. ROSS: He is not the Treasurer of the City? A. No.

MR. McCOLLUM: It is only an accident that the City Treasurer in Ottawa is the Treasurer of the Ottawa Hydro Commission, they can appoint anybody they like but they cannot appoint their auditor. If the Ottawa Commission wish they can transfer their accounts and have nothing to do with the City Treasurer, they can appoint their own treasurer, but as a matter of convenience they have selected the City Treasurer.





COMMISSIONER R.A.ROSS: Is that his business to see that the budget is not exceeded? A. It is his business to see that no commitments are made beyond a certain point.

MR. ELLIS: And also to see that the account is correct.

MR. HENDERSON: They have no such person in Ottawa as the Treasurer, like they have in Toronto.

MR. McCOLLUM: There is absolutely no bill paid for supplies that we have not a requisitions first, in the days of Mr.Cluff he checked them very thoroughly.

MAYOR PLANT: The same system that was carried out by Mr.Cluff is carried out today.

COMMISSIONER HARRIS: In the report of the City Auditor for 1918 he says, "As regards the Hydro Electric System a complete audit of these books and accounts has not been made by me, I have, however, approved of the expenditures and signed the cheques for same."

MR. McCOLLUM: He does not say why he did not audit the accounts.

COMMISSIONER HARRIS: He says "From the report of the Hydro Commission it says the books have been audited by the Auditors of the Hydro Electric Power Commission".

MR. ELLIS: We never said that in any of our reports.

MR. HENDERSON: In 1916 Mr. Cluff wrote to the Board of Control stating that the Corporation was being soaked by the Municipal Electric Commission to provide a surplus, so that their customers could have reduced rates.



MR. ELLIS: We have not made any statement that our books were audited by the Hydro Electric Power Commission.

MAYOR PLANT: The Statements and the books are two different things.

COMMISSIONER HANEY: I think your audit is a little weak.

MR. ELLIS: That may be; however, we are willing to amend that.

COMMISSIONER HARRIS: Have you ever had reason to bring to the attention of the Ottawa Hydro Electric Commission any failure on their part to do things that they should do, I think you said this morning, Mr. Ellis, that you had had a number of arguments with them.

MR. ELLIS: No, I do not know that I have had any arguments with Mr. McCollum, I rarely see him. What we do is to try as well as we can to keep our accounts in conformity with the Hydro system and it invariably happens that when Mr. McCollum comes down that there are some things to be adjusted, we have something in one compartment that should be in another and that is always adjusted and whatever Mr. McCollum decides we do.

MR. MCCOLLUM: It is largely a matter of judgment. As far as Ottawa is concerned any change in the classification would not be very serious, we are handling all the municipalities and we try to have adjustments made on a perfectly uniform basis, so that results can be arrived at intelligently and analysis made by a third party.

THE CHAIRMAN: Have you ever called to the attention of the Local Commission or the Treasurer, the





fact that there was no audit being made of the receipts?

A. No, I would not consider that my duty at all. I think that is his duty, it is certainly his statutory duty and it has been called to his attention.

Q. Did you bring it to the attention of the Department here?

A. We have in some cases where we have noticed no audit is being made.

Q. Have you in the case of Ottawa? A. No, we would think Ottawa was big enough to handle matters of that kind but in a case like Priceville or some small place we might take it up with them.

MAYOR PLANT: I think we, in Ottawa, felt that with Mr. Tolley auditing the bills payable and the statements being audited by Mr. McCollum and the receipts being looked after by Mr. VanAllen under the supervision of Mr. Pennock, everything was perfectly all right and I do not think it can be charged that we have been sleeping at the switch.

MR. MCCOLLUM: We installed a system of individual accounts in which the customers account-~~s~~are being kept and I think that is a safeguard and I have never felt any need to worry about the Ottawa accounts and their revenue.

MR. JEFFERY: I would like Mr. McCollum to explain the street lighting statement, probably he can do it more fully than I can.

MR. MCCOLLUM The annual report shows the relative state of the municipality, the number of lamps of each kind installed and the size and style of lamps, the cost per lamp and the total cost and the cost per



capita. These of course are only approximate, in the first place our records of population come from the Government statistics and we find there is a big variation in some places and the number of lamps are changed during the year, so that it is not possible to show it all in a table of that kind and the cost per capita is a very varying figure because the cost depends on the lamp installation. A town with only ten lamps the cost per capita is very small and in another town of the same size with more lamps it would be very different. The question of service enters into that. In the case of Ottawa they have a White Way System that was put in on the Local Improvement plan and that is handled in a different way from that of any municipality in the Province of which I have a record. In that they calculate the difference between the cost of the original arc system and the cost of the White Way. The Ottawa Hydro make their calculation and it goes into their revenue and if that was put in in that way it would be giving misleading information because that is not the per capita cost and we would have to exclude from that the amount paid by certain individuals, so I think the only fair way in the case of Ottawa would be to give it the way we have give it. Debentures are issued by the local improvement and that money goes into the municipal fund and it does not go into the Hydro records at all

COMMISSIONER R.A.ROSS: You consider it would be doing less harm by putting it in that way? A. Yes.

MR. JEFFERY: The Case of Ottawa, it includes operation, maintenance and power.





MR. McCOLLUM: Yes, as I read the correspondence at the time the books were opened in Ottawa the section of the Local Improvement Act which provides for ornamental street lighting is more or less ambiguous it provides how the first cost shall be provided but it does not say anything about maintenance, Ottawa decided they would collect from the property affected, not only the interest but the sinking fund on the investment and the cost of operation and maintenance and lamp renewals as well, they collect from the City the cost of the 49 arc lamps and the City pays for these lamps and the owners of the property pay the difference.

COMMISSIONER HARRIS: You have said on behalf of the company that you would welcome any development for an increase in power in that district, if the Ottawa and Hull Power Company made the development you could make a contract with them for power?

MR. HENDERSON: Yes.

Q. If the Hydro Electric made the development what position would you be in?

MR. HENDERSON: I do not know but we would hope they would sell us some power.

Q. It is their policy not to sell you power?

MR. HENDERSON: I understand it is their policy not to but I may say that the demand for power is growing more than Mr. Ellis seems to think and we would welcome any power development.

Q. You are supplying a constituency that they are not supplying? A. To a small extent only.

COMMISSIONER HARRIS: On the Nipigon where they have



a development of power greater than they can use at the present time the local company is in practically the same position, they cannot go ahead and develop any more power because under the conditions as they exist they could not finance it.

MR. HENDERSON: Quite obviously, even if we had more stock to sell we could not sell it at the present time when our stock is quoted as low as it is.

COMMISSIONER R.A.ROSS: In the Nipigon District I understand there is an arrangement between the Hydro Commission and the Company for the interchange of power?

MR. JEFFERY: Just emergency.

COMMISSIONER HARRIS: The Kam. Company would enter into a contract with the Hydro for 10,000 h.p. but Hydro won't sell it.

MR. JEFFERY: I have never heard of any request. I have never seen any request in writing.

MR. ELLIS: As far as we are concerned we do not object to Hydro selling power to this company.

MR. DION: The question of Hydro developing power on the Ottawa is of no importance because I believe the Ottawa and Hull Power Company are so far committed to their development, in fact they have stated that they will be ready long before anybody else and it is not likely that Hydro would make any development.

COMMISSIONER R.A.ROSS: Hydro might purchase power from them for northern Ontario.

MR. DION: There is not room for two developments.

MR. ELLIS: Our Commission discussed that with the Company and we are prepared to ask the Hydro Electric





Commission for power from Calumet.

COMMISSIONER HARRIS: How was it that you came into the proposition under Hydro?

MR. ELLIS: Mr. Commissioner Ross knows about that because he negotiated the whole deal; we exercised our right to buy the Electric Company out and we bought it. We were at once met with the statement that we had a plant on our hands and we had not any power, because as the law stood a municipality could only make a contract for power for one year and the matter got into the courts, and then fortunately the Legislature put through some legislation in 1906 whereby we could make an agreement for any number of years and we went to the Ontario Hydro and said "We have this contract, will you oblige us by making the same contract with the Ottawa and Hull Power Company and we can make one with you" and that settled the lawsuit and we side-tracked the Dominion Power Company and that is the way the Ontario Hydro came in.

---Adjourned.

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